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TOURISM IN FUNCTION OF DEVELOPMENT OF THE REPUBLIC OF SERBIA

Tourism and Rural Development

THEMATIC PROCEEDINGS II

UNIVERSITY OF KRAGUJEVAC
FACULTY OF HOTEL MANAGEMENT AND TOURISM IN VRNJAČKA BANJA

The Fifth International Scientific Conference

TOURISM IN FUNCTION OF DEVELOPMENT OF THE REPUBLIC OF SERBIA

Tourism and Rural Development

Thematic Proceedings

II

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Tourism and Rural Development

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FOREWORD

The Faculty of Hotel Management and Tourism in Vrnjačka Banja organized the fifth International Scientific Conference *"Tourism in Function of the Development of the Republic of Serbia – Tourism and Rural Development"* that was held in Vrnjačka Banja from September 3-5th, 2020. For the purpose of this year's Conference, 60 scientific papers were submitted by 113 participants coming from Russia, Slovenia, Tanzania, Croatia, Romania, North Macedonia, Montenegro and Serbia.

The Conference is organized in the function of exchanging ideas and experience of the participants coming from Serbia and abroad for the purpose of future tourism development, with the special emphasis given to the rural economic growth and social change of the Republic of Serbia and other countries due to its complementarity with other economic activities.

The Thematic Proceedings are published in two volumes, and will be available to a wider audience, scientifically and practically focused on tourism-related multidisciplinary issues.

Publishing of Thematic Proceedings was financially supported by the Ministry of Education, Science and Technological Development of the Republic of Serbia.

Vrnjačka Banja,
September, 2020

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IMPACT OF AGRICULTURAL DIVERSIFICATION ON AGRICULTURAL ENTERPRISES AND RURAL DEVELOPMENT

Dragoljub Amidžić[1]*; Pavlo Ružić*[2]

Abstract

The paper explores the diversification of agricultural enterprises, which seeks to extend basic farming activities to products of a higher degree of sophistication, such as the provision of catering and tourism services and the provision of entertainment, sports, educational and other facilities. The fundamental purpose of diversification is to ensure the growth and stability of farmers' businesses and to contribute to the rural development. The main objective of the paper is to identify factors of diversification and their correlation with socio-economic indicators. In addition to determining the extent to which they are present in improving the performance of agricultural enterprises and affect rural development. The results of the research will confirm the assumption that the inclusion of diversification in business practices of agricultural enterprises is a means of strengthening their performance while encouraging rural develompent.

Key Words: *diversification, farm, rural development, correlation, socio-economic indicators*
JEL classification: *O13, O18, Q12, R51*

Introduction

Farms in Croatia as well as in other EU Member States play an important role in the development of agriculture and the overall progress of rural areas. In order to understand this role more fully, the more important dimensions of modern agriculture are explained. In Croatia, the traditional form of agriculture has existed for a long time, but in the last twenty years, under the influence of various factors, a modern agricultural economy has

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gradually emerged, capable of competition and somewhat compatible with the European environment.

One of the prerequisites of modern agriculture is the larger technically well-equipped economy. It was on this trail that the efforts of state policy in the process of transition and privatization in agriculture led to a new structure of Croatian agriculture. There has been greater polarization in the ownership structure of agricultural holdings, in which a narrower stratum of larger and market-oriented holdings has been singled out, while at the same time a large number of dwarf and small estates exist, which retain many traditional characteristics. However, many problems remain and the overall situation in agriculture is still stagnant. In Croatia as well as in other EU member states there is a process of reducing the role of agriculture in the overall economy. This trend is evident in the decline in the share of agriculture in the most important macroeconomic indicators. Between 1995 and 2017, the share of agriculture in Croatia's gross value added decreased from 9.4% to 3.7% (Croatian Bureau of Statistics, 2018a). The decrease is also noticeable in the number of employees, so in the period from the first quarter of 2010 to the last quarter of 2018 the share of employees in agricultural activities decreased from 14.7% to 6.0% (Croatian Bureau of Statistics, 2018b). These processes are not only characteristic of the Croatian but also of the European agricultural sector and are part of various developmental economic and social processes which increase the share of services at the expense of agricultural activities in the structure of the total economy, while the share of industrial activities is generally stable. At EU level, the share of agriculture in gross domestic product decreased from 1995 to 2015 from 2.6% to 1.5%. A quarter of agricultural holdings in the European Union disappeared between 2003 and 2013, while the total area of agricultural land used remained largely the same.

While larger farms are getting bigger by taking advantage of the economies of scale, small farms are a problem for society and countries, which under the new market conditions on small farmland do not generate sufficient income for their financial sustainability.

These factors cause deagrarization, that is, abandonment of agriculture as a source of income and occupation. Deagrarization creates multiple consequences in agriculture and rural areas. Deagrarization destroys the demographic structure and creates social problems among some categories of rural population (Puljiz, 2003). In order to mitigate the effects of de-agriculturalisation, stabilize the income of small farmers and find new

sources of income for those who have left agriculture, the rural population focuses on diversifying their activities inside and outside the agricultural sector (Falkowski et al., 2014; Franić & Mikuš, 2013).

Diversification is a term that entered into professional practice and terminology in the 1980s. According to the Business Dictionary (Jurković et al., 1995), diversification is the completion or expansion of the product or sales range by including new products and services that are different from previous ones. These new products and services are offered in other market segments, produced with a different manufacturing process, and may have different usable value. This definition, adapted to the operation of agricultural holdings, and conditioned on the need for sustainable small-scale farmers (Ružić & Amidžić, 2018), would refer to the production and services of agricultural holdings of higher added value and or higher degree of completion.

The pursuit of agricultural activity, like any other economic activity, requires a certain form of management, and therefore different types and forms of agricultural holdings have been developed. In this paper, we address the structure, development trends and contemporary problems of agricultural holdings in Croatia, as well as some broader aspects of the situation in agriculture and rural areas that are important for understanding the central theme of this paper. In Europe and in other developed countries, family farming is now prevalent as a form of agricultural production organization. More recently, this has also been extended to the European East, where until recently the state-owned agricultural property sector based on collective agriculture has existed.

We see that not only is what agriculture gives important, but many issues of the wider social, economic and political spectrum are linked to property and agriculture. As is the case with the wider complex of agriculture, a particular agricultural economy can be regarded not only as a better or worse, more propulsive or static model of economy, but also as an important factor in the development of the rural area in which it is located.

Research methodology

The research in this paper is based on primary and secondary sources, and approaches and methods based on the views of local and foreign authors. The paper aims to assess the effects of diversification of agricultural holdings with particular reference to its contribution to rural development.

The effects of farm diversification have so far been the most widely investigated with a view to determining the contribution to their operations and enhancing the social product (Hadelan et al., 2019). In this paper, a correlation analysis (Hadelan et al., 2019) was used to determine the impact of farm diversification on rural development, which explored the linkage between agricultural holdings and the most important socioeconomic indicators. Subsequently, the impact of diversification on rural development was determined by linking it with data on the growth of gross value added per unit of work in agriculture, the size and type of farms, etc.

For the purposes of this research, data from the Central Bureau of Statistics for the Republic of Croatia were used. The basis for the correlation analysis is the secondary data of the Statistical Office of the European Union (Eurostat), which includes an overview of the representation of supplementary activities on EU agricultural holdings and socio-economic indicators of Member States' agricultural holdings. To determine the association between the observed variables, the Pearson linear correlation coefficient was calculated. The linearity of the connectivity was previously verified by making a scatterplot. The significance of the correlation coefficient was estimated at a significance level of 5%, ie $p = 0.05$.

Due to lack of recent research, data for the variable "Number of subsidiary industries" taken from Eurostat refer to 2013. For methodological correctness, the data of the variables for which correlation is determined also refer to the values from 2013, although for them and more recent records used in the descriptive section of the paper. A significant part of the paper is also of a review character, since it provides insight into earlier research on the subject (Hadelan et al., 2019).

Research goals and hypotheses

The basic objective of the research in the paper are to detect the effect of diversification of the agricultural economy on agricultural business and rural development. The specific objectives are first of all to identify the link between the share of diversified agricultural holdings in EU Member States and the most important socio-economic indicators of the agri-food sector, which are: how does diversification of farms affect the achievement of gross value added per unit of labor? what impact do supplementary activities have on the size and type of farms? and how do supplementary activities relate to the age and educational structure of farm employees?

According to the stated goals, a hypothesis has been raised that argues that diversification is an important factor in the competitiveness and success of agricultural businesses and rural development.

The hypothesis will be tested on the example of Croatia and EU member states, based on the usual approach and methods known among domestic and foreign scientists and conducted research (Hadelan et al., 2019).

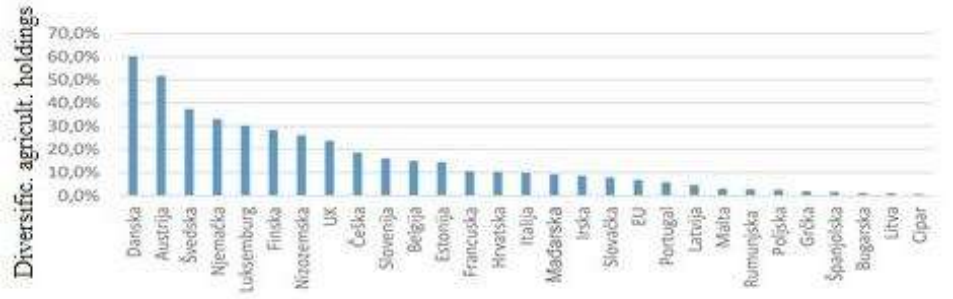
Research results

Diversification of farms by including supplementary activities contributes to an increase in gross value added per unit of labor, which indicates an increase in farmers' business activity. Increasing gross value added in the agricultural sector is a function of the complete development of the rural area in which agriculture is a major economic activity. Therefore, in the following, these issues will be analyzed integrally with the other socio-economic consequences of diversification of the farm.

Diversification of agricultural holdings and their impact on their business and rural development

Eurostat keeps a record of supplementary activities on agricultural holdings, expressed as "other income-generating activities". According to this source for 2013, out of a total of 10,881,560 farms in the EU28, 734,640 were engaged in some additional income activity, which is 6.8% of all farms.

Figure 1: *Share of farms with subsidiary activities in the EU28, data for 2013*



Source: *Hadelan et al., 2019*

Here it is possible to notice significant differences in the shares of these activities in individual Member States. While they are present in more than 50% of all farms in Denmark and Austria, their share in Greece, Spain and Bulgaria is less than 2%. The same source states that 16,240 Croatian holdings are engaged in additional activity, which is 10.3% of all agricultural holdings and counts Croatia among countries with above-average diversified agricultural holdings in the EU28.

According to the same source in the EU28, the most common subsidiary activity of agricultural holdings is the processing of agricultural products, which accounts for 22.8% of all such activities. Agricultural products are processed from mostly their own production with the possibility of purchasing a smaller part of raw materials from other agricultural holdings. In addition to the processing of agricultural products, additional activities include the production of non-food products and general-purpose items at the farm (predominantly of wood, straw and similar natural materials in a manner characteristic of traditional skills), the provision of catering, tourism and other services (Ružić et al., 2006), the provision of educational and demonstration facilities and activities at the OPG. In Croatia, supplementary activities of agricultural holdings are regulated by the Ordinance on supplementary activities on family farms (Official Gazette 76/14), and each individual supplementary activity has its own legal regulation.

Diversification of farmers' activities is a function of integrated rural development, but also of integrating rural space into the overall national economy (Sudarić, 2009). Recently the potentials of diversification in achieving the sustainability of agricultural holdings have been recognized (Oplanić et al., 1997), positive demographic processes in rural areas and, indirectly, rural development (Župančić, 2005), shaping the measures of the Rural Development Program aimed at encouraging farmers to entrepreneurship in rural areas.

Impact of farm diversification on the achievement of gross value added per unit of labor

Gross value added (hereinafter referred to as GVA) is one of the most commonly used indicators of development in general and therefore agriculture of a country. It is determined by the difference in the market value of all agricultural products and intermediate production. The share of agricultural gross value added in the total gross value added of an economy

indicates the importance of agriculture in a country's economy (Ružić & Demonja, 2017). Increasing the gross value added of agriculture is a multiplier effect and, thanks to its connection with other economic activities, accelerates economic growth in the overall national economy (Mrówczyńska-Kamińska & Baer-Nawrocka, 2016) but also in the rural area where it is realized.

GVA at current prices indicates the largest farmers in the European Union, according to Eurostat (2019b) for 2018, respectively - Italy, France, Spain and Germany. Of the 28 EU countries, Croatia is ranked 20th with a GVA of around one billion euros. Over the 10-year period (2008-2017) at EU28 level, GVA grew by 19.0%. Of the 28 Union countries observed, only three Member States (Croatia, Finland, Romania) recorded a decline in GVA, of which it is most pronounced in Croatia (35.9%). On the other hand, GVA in Ireland has more than doubled (111.4% growth). Higher growth rates were also recorded in agriculture in Denmark (77.3%) and Lithuania (67.7%).

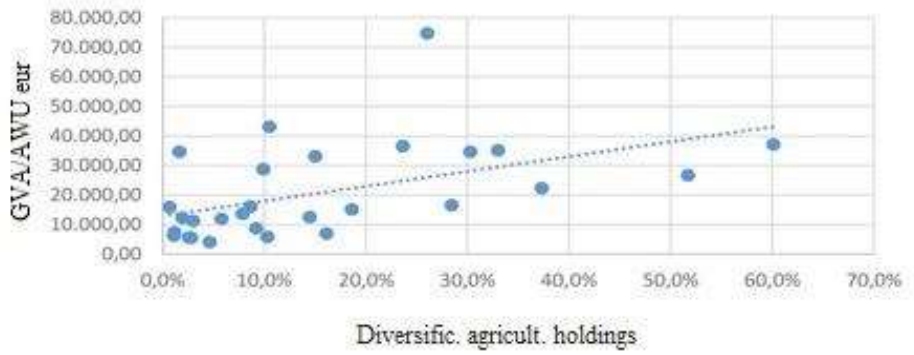
The relative value of GVA is obtained by dividing nominal value by units of annual labor (AWU) and such serves as an indicator of agricultural productivity. According to data for 2017 (Eurostat, 2018), the highest productivity in the EU was achieved by farmers in the Netherlands (EUR 74,732.32 / AWU), followed by farmers in France and Denmark. The lowest agricultural productivity was achieved in Latvia, with Croatia with a GVA / AWU ratio of EUR 5,827.93 per unit of work ranked 25th out of 28 EU Member States.

Applying the scatterplot and calculating the correlation coefficient graphically and mathematically, the correlation between agricultural productivity and the share of agricultural holdings with additional activities was determined. The assumption of the existence of a connection is reflected in the fact that the additional activities are those characterized by a higher degree of completeness and consequently higher added value. Countries with a higher share of diversified economies are expected to be the ones with higher productivity.

Applying the scatter plot shows a positive link between supplementary activities on agricultural holdings and agricultural productivity determined by the ratio of gross value added to annual labor units. The Pearson coefficient calculation confirmed the existence of a statistically significant

correlation (p = 0.0082), which according to the value of the coefficient can be considered as medium strong and positive (r = 0.4902).

Figure 2: *Field share ratio. mr. with supplementary activities and GVA per unit of work in the EU28, 2013*



Source: *Hadelan et al., 2019*

According to the indicator of gross value added per unit of labor, Croatia is among the least positioned EU member states. In addition, the decrease in the value of this indicator points to poor general trends in Croatian agriculture and is in contrast to the convergent development assumptions of the less developed Member States. The results of the correlation analysis indicate the possibility of improving this indicator among other activities, which, in addition to economic activities, have positive social effects in the form of opportunities for self-employment of young and vital members of the rural population.

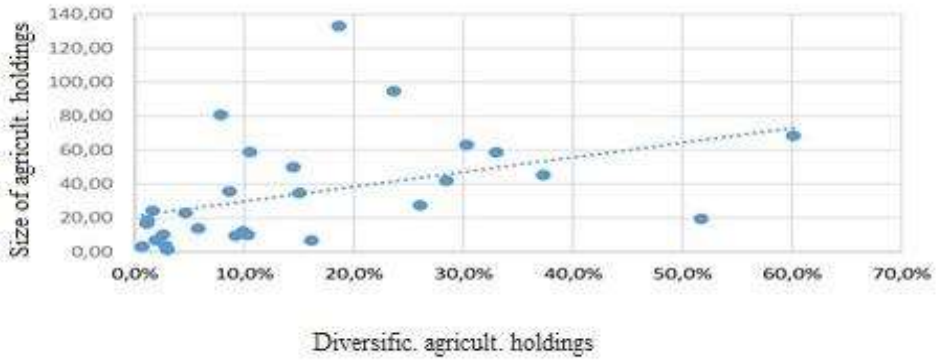
Impact of supplementary activities on the size, type, age and educational structure of employed farms

The size of the economy in numerous studies has proven to be an important factor in diversification. Some have indicated that larger economies are more prone to diversify agricultural activities than smaller ones (Ilbery, 1991; Pope & Prescott, 1980). On the other hand, some of the researchers, Krugman (1991), Mishra et al. (2004), Vik & McElwee (2011) conclude that larger economies are more prone to specialization, which emphasizes the benefits of economies of scale.

Using the scatterplot and calculating the correlation coefficient, the relationship between the size of agricultural holdings in the EU28 and the

share of agricultural holdings with subsidiary activities was examined. The premise of this correlation is the existence of a positive link since larger economies can make more efficient use of available human and productive resources.

Figure 3: *Relationship between the share of the agricultural holding with additional activities and the size of the agricultural holding in the EU28, 2013*



Source: *Hadelan et al., 2019*

A correlation analysis including data on shares of holdings with ancillary activities in the EU28 and the average area used in the Member States indicated a statistically significant correlation between the two variables ($p = 0.0251$), which with a correlation coefficient of 0.4226 may be considered as medium and positive.

Croatia is also lagging behind the more developed countries of the Union in terms of average size of the economy. As in the rest of the EU28, there is a trend of increasing economies which, according to the results of the correlation analysis, could also result in an increase in the share of supplementary economies. However, one must take into account the specificity of Croatia, the southern part of which belongs to the circle of Mediterranean countries (Italy, Greece, Cyprus, Italy), in which the specificities of relief, climate, karst areas make it difficult to develop large farms. On the other hand, the tourist orientation of the country favors the development of spatially small, but supplementary farms with agrotourism services (Ružić et al., 2011) and traditionally produced food delicacies. In such circumstances, it is possible to expect an increase in the number and

share of supplementary economies, which does not necessarily determine the increase in the size of the economy.

Farm typology is made in line with that of Farm Survey (2013). Depending on the prevailing activity, economies are divided into seven types. The predominant type in the EU28, in 2013, was "Ratarstvo" present in approximately 30% of all EU economies. Correlation analysis revealed statistically significant correlation between prevailing agricultural activity and diversification for three of the seven analyzed types of economy. The correlation is medium positive on the example of "Livestock with grazing", while medium is negative for the type "Mixed crop production and" Mixed livestock breeding ". In other examples, no statistically significant association was found.

Table 1: *Correlation of field share. mr. with additional activities and field types. Mr, EU28, 2013*

	Farming	**Horticulture**	**Perennial crops**	**Livestock with grazing**	**Mixed crop production**	**Mixed livestock**	**Farming and livestock production**
R	0.2605	-0.1267	-0.3501	0.4827	-0.4687	-0.3856	-0.3270
p	*0.1808*	*0.5209*	*0.0679*	*0.0093*	*0.0120*	*0.0427*	*0.0894*

Source: *Hadelan et al., 2019*

In parts of Croatia, primarily in areas with the most unfavorable demographic characteristics, unused pastures and meadows are the problem, with a large area of agricultural land. At the same time, livestock rearing is prevalent with a decline in economically rearing indicators and a continuous increase in meat imports. Keeping livestock outdoors is sporadic with few livestock breeding farms despite favorable conditions for such. Extensive pasture farming is the cheapest way to keep and feed livestock that best meets animal welfare requirements. At the same time, according to the results of the analysis, it offers the best diversification opportunities through agrotourism, breeding traditional animal breeds and production of meat and dairy products.

A number of studies address the link between farmers' age and their propensity to diversify. Finocchio and Esposti (2008), on a sample of 387 farms in Italy, conclude that as farmers age increases, farmers' interest in diversification activities that deepens existing agricultural production increases - direct sales, transition to organic farming, production complying

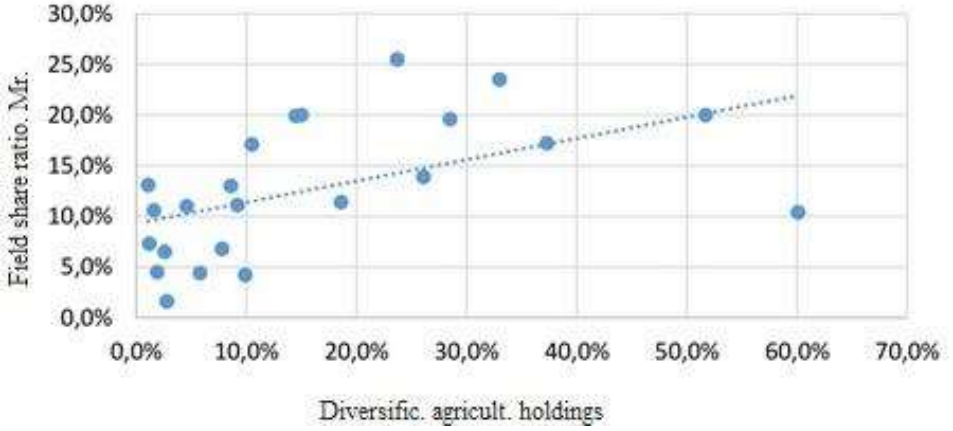
with quality standards, but not and non-agricultural activities on the farm - agritourism, service activities, employment outside the farm. Somewhat different claims are made by Morris et al. (2017) who, by studying activities in rural Wales, conclude that younger and more educated farmers tend to diversify. This claim is justified by the need to acquire additional management skills that bring about changes in the holding when diversifying activities, which older farmers are not motivated to do.

A glance at the 2016 Labor Force Survey (LFS) data shows that the proportion of farmers with the highest educational attainment is higher in members with more advanced agriculture. The most educated farmers are in the UK (25.5% with university degrees), Germany and Austria, while the least educated farmers are in Romania (1.6%). Unfortunately, the same source does not provide information on the educational structure of Croatian farmers, but it can be assumed that this indicator is also at the level of less developed Member States.

The age structure of farmers is also evident from the Labor Force Survey data. Current data refer to the situation in 2017, which shows that in the EU28 age group up to 40 years (young farmers) belongs to 31.7% of the agricultural population, while at the economy level as a whole, 42.4% of employees are in the same age group. On the other hand, 65% and over have 9% of farmers in the EU28, while in the same age group, only 2.4% of employees are in the same age group. The highest prevalence of young farmers is in Denmark (44.6%), while it is the lowest in Portugal (15.9%). Due to time compliance with the 2013 supplementary activities data, the Labor Force Survey on agricultural contingent work for 2013 was used in the correlation calculation.

The correlation analysis compared the share of young farmers and the share of supplementary activities in EU Member States28. By calculating the Pearson coefficient, no statistically significant correlation was found between these variables ($R = 0.1144$, $p = 0.5621$). Unlike the age structure, the correlation between supplementary activities and the educational structure of farmers is statistically significant. The Pearson coefficient calculation found a moderately significant positive correlation between the share of highly educated farmers and supplementary activities in the field. economies in EU member states ($R = 0.5185$, $p = 0.0113$). This correlation is offset by the situation in Denmark, with a high proportion of diversified holdings presenting a low proportion of highly educated farmers (10.4%).

Figure 4: *Field share ratio. mr. with additional activities and educational level of the holder, 2013.*



Source: *Hadelan et al., 2019*

With a share of young farmers in the total agricultural population of 22.5%, in 2013, Croatia was in the penultimate position in the EU28. Only in Portugal was the proportion of young farmers smaller. Things are slightly better in 2017, so the share of this age group of farmers has grown to 28.3%, ranking Croatia 19th in the EU28, according to this indicator. Although the analysis showed no correlation of farmers' age and supplementary activities on farms, it is logical to expect that young, vital rural residents are motivated enough to introduce newspapers into their farms, with less risk aversion and more prone to enrich primary production with supplementary activities. The existing Rural Development Program 2014-2020 (Ministarstvo poljoprivrede, uprava za ruralni razvoj, 2014) will give the criteria for scoring of applied investment projects with priority to younger farmers and specialized sub-measures for them will certainly improve the age structure of farmers and, indirectly, create the preconditions for diversification of farms.

Conclusion

The basic starting point in this paper was to investigate the impact of farm diversification on agricultural business performance and rural development. The starting point was based on the assumption of work, which was expected to confirm the positive link between diversification of agricultural holdings and development indicators in agriculture and rural areas.

The survey found that the share of diversified farms is positively correlated with indicators of gross value added per unit of work, size and type of farms, and age and education structure of farmers. The indicators just mentioned are the potential for the development and success of business on farms, and ultimately for the development of rural areas. The above indicators are related to the diversification of the agricultural holding, as introducing additional activities enables the realization of higher gross value added, which causally consequently shape the size and type and age and educational structure of employees on the farm.

On the basis of the above, it can be concluded that the basic assumption of work is fully confirmed in the framework of this research on the example of the EU members. The positive effects of diversification of agricultural holdings on the operations of agriculture and the development of the rural area in which it is realized have been confirmed.

Diversification of agricultural holdings presupposes an opportunity for improvement of macroeconomic indicators of Croatian agriculture and economy in rural areas, but also a necessity for overcoming unfavorable demographic trends. In that sense, the recommendation is directed to Croatia as a Mediterranean country with an important role of tourism and its multiplying effect on agricultural development, modernization and enrichment of the prevailing form of primary agriculture with the most represented low income crops. This may be an acceptable solution for a small number of large and mechanized farms, but not for many small and non-adapted farms.

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ASSESSING ECOTOURISM POTENTIAL OF THE FRUŠKA GORA N.P. AND THE IMPACTS ON RURAL DEVELOPMENT

Sonja Braunović[1]; Filip Jovanović[2]

Abstract

The aim of the paper is to identify and assess the factors for the development of ecotourism in the Fruška Gora National Park and to predict possible benefits for strengthening the rural economy of the area. Literature and field research was done to gather information related to geographical location, biodiversity of habitats and species, elements of cultural heritage and infrastructure of the area, as well as demographic and socio-economic status of the local community. To evaluate constraints and future possibilities of ecotourism in the area, SWOT and PESTEL analyses were used. It was found that the convenient location, substantial wildlife resources, abundance in water and geological elements, and the richness of the cultural-historical monuments are an important touristic potential of the area. The main conclusion of the work is that the development of sustainable ecotourism should create the necessary conditions for the rural development, if strategic and financial support is provided.

Key Words: *ecotourism, rural development, protected areas, Fruška Gora National Park, Serbia*
JEL classification: *O18, Q57, Z32*

Introduction

At the end of the last century, tourism became one of the world's largest economies (Sathe & Manepatil, 2013). As tourism has a great role in the world economy, in the framework of sustainable development there is the concept of sustainable tourism which has minimal impact on the environment and culture of the local population, and, on the other hand,

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ensures economic stability and affects the protection of tourist resources. In the framework of sustainable tourism, several types of tourism are developed of which the most developed are ecotourism, rural tourism, cultural tourism, adventure tourism, etc. (Gajić & Cvetanović, 2015). Ecotourism is defined as environmentally responsible travel to natural areas, in order to enjoy and appreciate nature (and cultural features) that promote conservation, have a low visitor impact and provide for beneficially active socio-economic involvement of local peoples (IUCN, 2020). While conventional tourism involves activities that are often harmful to the local environment, ecotourism is bounded to be sustainable. This sustainability incorporates environmental, experimental, socio-cultural and economic dimensions (Sathe & Manepatil, 2013).

Protected areas are a very important potential for the development of ecotourism (Počuča & Matijašević-Obradović, 2017) which is considered to be a great economic development opportunity for the Western Balkans and Serbia. Serbia intends to get about 12% of its territory covered with some level of protection, which is great development potential (Lutovac & Đuričić, 2014). The Fruška Gora National Park is one of five national parks in the Republic of Serbia. Diverse features of the area have national, regional and international significance. Based on these features, two primary functions of the park management are to conserve the biological diversity and protect the landscape with its unique ecosystems.

However, the growing fragmentation of the landscape due to forest exploitation and poverty of the people resided in the vicinity of the park are the most prominent facts that threatened the area. One of the critical solutions which should raise awareness among people about natural resources, as well as eliminate the poverty of local people by contributing to rural development, is to project local ecotourism activities to benefit from the potentials of the park. Several papers have been published on the subject of ecotourism potential of the area (Vujko et al., 2012; Medić et al., 2012; Počuča & Matijašević-Obradović, 2017), but with no particular reference to rural development. Thus, to develop ecotourism as an important opportunity for rural development and nature conservation, primarily research for determination of the ecotourism potential and solutions for rural poverty problems of the area is needed.

In order to improve the management of a protected area, it is important to gather information on its status, biodiversity, conservation pattern, tourism potentials, development programs, related problems and overall

circumstances of the area. The main objective of this study is to identify the factors for the development of ecotourism in the Fruška Gora National Park and to predict possible benefits for strengthening the rural economy of the area. All relevant characteristics of the area, as actual opportunities for the development of ecotourism, are presented in the paper. In addition, by studying the potential ecotourism products of the park, as well as demographic and socio-economic status of the local community, the direct and indirect benefits of ecotourism in the context of strengthening the rural economy will be identified.

Materials and methods

Study area

The Fruška Gora National Park is located in the northern part of the Republic of Serbia, within the Autonomous Province of Vojvodina. Established in the year 1960, it is the oldest national park in the country. The park is located between 45°00' and 45°15' north latitude and between 16°37' and 18°01' east longitude, covering an area of 26,672 ha and spreading over eight municipalities and 45 cadastral municipalities. The park is mostly situated on the central massif of Fruška Gora – a low island type mountain range, with a length of about 80 km in its west-east direction and the highest peak Crveni Čot (539 m a. s. l.). By its location, the area should have a continental climate, but due to the structure of the mountain, the climate is modified into a sub-continental one. In the geological structure, Paleozoic-Mesozoic formations can be found, such as crystal shale, phyllite, serpentinite, granite, basalt, and limestone (Lazić et al., 2008). The area has 187 springs and 42 streams, while the length of the river network is 437.9 km. The area mainly consists of forest cover (88.5%) and has diverse fauna and flora, including numerous rare, relic and endemic species. It also has rich cultural heritage. Thus, three degrees of protection have been established in the area [1st degree of protection 933.3 ha (3.5%), 2nd degree of protection 17,737.1 ha (66.5%) and 3rd degree of protection 8,001.6 ha (30%)] (Figure 1).

Methodology

The study is a result of an analysis of the ecotourism potential of the Fruška Gora National Park. It aimed to propose the development of ecotourism which would promote sustainable development in the area. In particular, the study was performed to identify and promote the natural and cultural

values that are potential source of ecotourism, including the settlements located along the buffer zone of the park.

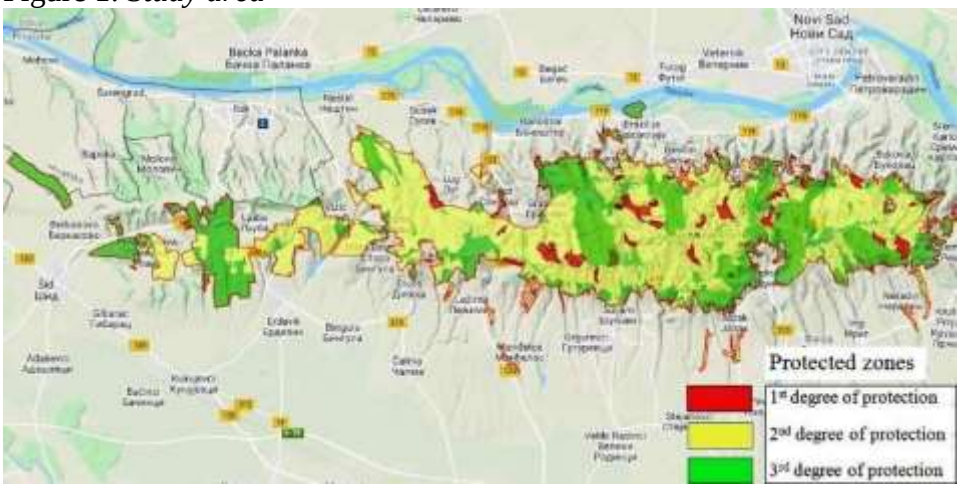
After a comprehensive literature research, ecotourism potential of the area was evaluated via fieldwork and the notes taken at conversations with locals and officials. The study also dealt with written sources available on the Internet. Methods of theoretical analysis and synthesis, geographical and ecological research method and the method of immediate observation were used. Since the ecotourism potentials are defined by the natural, geographical and cultural legacy of the area, the data of tourism potentials that were used in the study included biological potential, physical potential (accessibility, infrastructures and the supporting facilities) and human resources.

No biodiversity assessment method in particular was used, but biodiversity of the area, as described in the paper, was assessed based on literature data, along with personal observations and informal discussions with the officials, local people and visitors. The analysis of type, number and size of protected sites and land use in the area has been done based on literature data (PE Fruška Gora National Park, 2018; The Urban and Spatial Planning Institute of Vojvodina, 2018).

SWOT and PESTEL analyses were also used in the example of the Fruška Gora National Park to become aware of precisely realistic chances of developing sustainable ecotourism in the area. SWOT analysis technique was used to explain current constraints and future possibilities of ecotourism in the national park, while PESTEL analysis gets deeper into the problem of the development of ecotourism in the area.

Given that there are settlements around the park whose people depend on the park and the adjacent land for their livelihood, the study also involved a socio-economic survey based on the official data of the Statistical Office of the Republic of Serbia. Regarding the socio-demographic context, we studied the changes in the population trends, household numbers and average duration of life based on the available census data for the period from 1991 to 2011. Also, based on the census data for 2012, agricultural holding numbers and the size and share of agricultural population were analyzed to estimate the dependency of the local community on natural resources of the area. Data were collected and analyzed for eight municipalities and 45 cadastral municipalities.

Figure 1: *Study area*



Source: *Fruškać, 2020*

Results and discussion

Located only 15 km from the city of Novi Sad, on the main road Novi Sad–Ruma–Šabac, the Fruška Gora National Park is easily accessible to the potential tourists. It is considered to be an attractive tourist destination because it has many geological and paleontological sites, it is rich in flora and fauna and cultural heritage, and has a well-developed infrastructure of local and forest roads (Table 1). The most prominent geological sites of the park are Grgeteg, Papradine, Grgurevačka Pećina, Orlovac, Šakotinac, Kozje Brdo, and Rakovac (Institute for Nature Conservation of Vojvodina Province, 2020). Six abandoned mine lands have been reclaimed (Stražilovo I and II, Paragovo I and II, Perina Pećina, and Kozje Brdo). Numerous plant and animal species are rare and protected (73 plant species, 38 mammal species, 14 amphibian and reptile species, and more than three insect species) (PE Fruška Gora National Park, 2018). Natural habitats of some species are also under some degree of protection. In the zone of the 1st degree of protection, among these habitats are the following: a protected habitat of endangered plant species *Cheilanthes marantae* (L.) Domin, habitats of endangered bird species on 13 sites, habitats of endangered insect species on three sites and habitats of important forest ecosystems on 14 sites (Provincial Government, 2015). In the zone of the 2nd degree of protection, there are two protected stands of *Alnus glutinosa* (L.) Gaertn, and in the zone of the 3rd degree of protection there are protected individual trees or groups (belonging to 11 species) on 16 sites (PE Fruška Gora National Park, 2011). The park is an Important Bird Area (IBA – 011SER)

and a Prime Butterfly Area (PBA). Among the most important monuments of the cultural heritage in the area, there are eight monasteries (Velika Remeta, Novo Hopovo, Staro Hopovo, Jazak, Mala Remeta, Grgeteg, Beočin, and Vrdnik), and four monasteries that are located in the vicinity of the park (Divša, Petkovica, Kuveždin and Rakovac) (PE Fruška Gora National Park, 2018). All of the above characteristics are a potential for the development of ecotourism in the park, and it is not surprising that the area is already a popular tourist destination for about three million residents of Belgrade, Novi Sad and Sremska Mitrovica and the municipalities located along the buffer zone of the park. Over 400,000 visitors have been expected only in 2018 (Ozon Media, 2018). Specifically, excursions represent the most common tourist activity in the area. The tourists organized in groups or on an individual basis usually visit monasteries and picnic areas (Iriški Venac, Stražilovo, and Zmajevac). There are also some other activities, such as walking in nature, hiking, biking, bird watching, and water-related activities in the summer season. Cultural tourism brings immense potential to this area (Medić et al., 2012). Such tourist activities that should be implemented sustainably not only protect wildlife but also help the survival of the natural area and increase the ecological awareness of people, especially the locals (Boz, 2014). The field survey revealed that the number of tourists visiting the Park was very encouraging and increasing day by day. Still, the current level of tourism neither corresponds to the resources that exist in the area nor meets the requirements of tourist demand.

Protected areas can be very interesting to tourists due to their possession of rare flora and fauna, special habitats and ecosystems (Boz, 2014). In the Fruška Gora National Park, there are more than 40 plant species that are considered rare [e.g., *Pulsatilla vulgaris* subsp. *Grandis* (Wender.) Zāmelis, *Adonis vernalis* L., *Sternbergia colchiciflora* Waldst. & Kit.], along with 32 orchid species (Provincial Government, 2015). This potential attracts the attention of special tour groups. The tour activity is organized in an area where there are special habitats, and at a particular time of the year (Boz, 2014). For instance, in late winter and early spring, local tourists are often attracted by the first snowdrops flowering in the area. Snowdrops are believed to be harbingers of spring, and in late winter they are present abundantly in the Fruška Gora National Park, being, in fact, the most abundant population of the common snowdrop (*Galanthus nivalis* L.) in the country (Jovanović et al., 2016, 2018). The population is a potential of botanical tourism, and it is expected that this kind of tourism, which protects the environment and the prosperity of the local people, could contribute socially and economically to the area.

Table 1: *Characteristics of the National Park important for the development of ecotourism*

No.	Characteristic	Description
1.	Location and connections	On the roads Novi Sad–Belgrade, Novi Sad–Bačka Palanka–Ilok–Šid, Novi Sad–Belgrade–Neštin–Ilok, etc.[1] Distance from Novi Sad 15 km, and Belgrade 50 km. In the vicinity of Sremski Karlovci and the Danube
2.	Geological sites	7 geological sites[2]; 2 paleontological sites (284 fossil species)[3]; Grgurevačka Pećina site[2]
3.	Biodiversity of species	c. 1,000 plants, c. 1,750 fungi, 60 mammals, > 20 amphibians and reptiles, > 1,700 insects, 150 birds[2, 4]
4.	Biodiversity of habitats	5 forest sites, 11 forest-steppe sites, 7 steppe pasture sites, 1 wetland site[5]
5.	Cultural heritage	8 monasteries and monuments from World War II[2]
6.	Road network	Main road Novi Sad–Ruma–Šabac and other roads, forest roads (313.7 km) and hiking trails (250 km)[1, 6]

Source: *[1]The Urban and Spatial Planning Institute of Vojvodina (2018); [2]PE Fruška Gora N.P. (2018); [3]Fruškać (2020); [4]PE Fruška Gora N.P. (2011); [5]Institute for Nature Conservation of Vojvodina Province (2015); [6]PE Fruška Gora N.P. (2016–2017)*

Given that the study area mainly consists of wooded land, it may be argued that the most important resource of the area is forest vegetation belonging to 23 communities (Table 2). Out of 23 communities recorded in the area, 13 communities were found in the zone of the 1st degree of protection, and 22 communities were found in the zone of the 2nd degree of protection, while 20 communities were found in the zone of the 3rd degree of protection. In the zone of the 1st degree of protection, the most abundant community is a beech–sessile oak forest (ass. *Querco-Fagetum*) covering 281.1 ha (44.7% of the park), while the least abundant community, with an area of 7.0 ha (1.1% of the park), is a Turkey oak forest (ass. *Quercetum cerris*).

Beech–sessile oak forest is also the most abundant community in the zone of the 2nd degree of protection, with an area of 2,478.0 ha (20.5% of the park), while the least abundant community in the same zone is a sessile oak–beech forest (ass. *Querco-Fagetum moesiacae montanum*) covering 0.3 ha (0.001% of the park). In the zone of the 3rd degree of protection, the most abundant community is a common oak-hornbeam-Turkey oak-linden forest (ass. *Carpino-Quercetum roboris*) covering 1,021.2 ha (28.1% of the park), while the least abundant one, with an area of 0.3 ha (0.001% of the park), is the subalpine beech forest (ass. *Fagetum moesiacae subalpinum*) (Table 2).

Table 2: *Forest communities in the area arranged by degree of protection*

No.	Community	1st degree		2nd degree		3rd degree	
		ha	%	ha	%	ha	%
1.	White willow forest			7.2	0.1	10.4	0.3
2.	White willow–European dewberry forest			4.8	0.0	5.3	0.2
3.	White poplar–black poplar forest			16.1	0.1	33.2	0.9
4.	Common oak–hornbeam–Turkey oak–linden			1059.9	8.8	1021.2	28.1
5.	Common oak–hornbeam–Turkey oak–lindens	16.2	2.6	969.4	8.0	698.9	19.3
6.	Oak–hornbeam forest on terrestrial habitats	17.7	2.8	292.0	2.4	266.6	7.4
7.	Oak–hornbeam forest	27.6	4.4	1073.2	8.9	206.5	5.7
8.	Sessile oak–hornbeam–Turkey oak forest	18.6	3.0	485.2	4.0	108.7	3.0
9.	Sessile oak–hornbeam forest	76.9	12.2	658.8	5.5	162.3	4.5
10.	Common oak–mahaleb cherry forest			2.3	0.0	1.9	0.1
11.	Turkey oak forest	7.0	1.1	305.7	2.5	29.3	0.8
12.	Oak–manna ash forest	21.7	3.5	197.2	1.6	140.2	3.9
13.	Turkey oak–oak of Virgil forest	37.9	6.0	1223.8	10.1	194.0	5.4
14.	Downy oak–oak of Virgil forest			140.5	1.2	61.6	1.7
15.	Oriental hornbeam–oak forest	16.4	2.6	36.7	0.3	32.4	0.9
16.	Sessile oak–Turkey oak forest	25.3	4.0	774.5	6.4	107.9	3.0
17.	Sessile oak–beech forest			0.3	0.0		
18.	Sessile oak forest	52.7	8.4	2023.0	16.7	282.4	7.8
19.	Sessile oak forest with moss			2.5	0.0		0.0
20.	Beech–sessile oak forest	281.1	44.7	2478.0	20.5	253.5	7.0
21.	Submontane beech forest	29.9	4.8	338.1	2.8	12.5	0.3
22.	Montane beech forest			8.3	0.1		
23.	Subalpine beech forest					0.3	0.0
Total:		629.2	100.0	12097.5	100.0	3629.0	100.0

Source: *Authors' research based on literature data (PE Fruška Gora National Park, 2016–2017)*

In the zone of the 1st degree of protection, the largest area is occupied by the municipality of Beočin (337.9 ha) having seven cadastral municipalities and the greatest number of sites under protection (14). On the other hand, the smallest area in the zone is occupied by the (cadastral) municipality of Sremski Karlovci (21.5 ha) having only two protected sites (Table 3). Based on the data given in literature (Provincial Government, 2015), the most important protected sites are geological and geomorphological site "Grgurevačka Pećina" (0.9 ha), habitat of endangered plant species (0.9 ha), habitats of endangered bird species on 13 sites (535.3 ha), habitats of endangered insect species on three sites (86.4 ha) and forest ecosystems on 14 sites (309.8 ha). In terms of land use, the park is mostly occupied by forests (88.5%) that cover an area of 23,204.4 ha, while 9.9% is occupied by agricultural land (pastures 5%, arable land 3%, meadows 2%) and 0.9% by built-up land (The Urban and Spatial Planning Institute of Vojvodina, 2018). These categories are predominant in the municipalities of Beočin, Sremska Mitrovica and Irig (Table 4) suggesting high potential for

ecotourism and rural development, especially because the forest land in these municipalities makes 64.4% of all forest land in the park.

Table 3: *Sites under the 1st degree of protection*

No.	Site	Municipality	Cadastral municipality	Area (ha)
1.	Stražilovo, Suvi Potok	Sremski Karlovci	Sremski Karlovci	21.5
2.	Rokov Potok – Papradine, Popovica	Petrovaradin	Srem. Kamenica	55.2
3.	Popovica, Javornati Do, Zmajevac – Kamenar, Kraljeve Stolice		Ledinci	84.7
4.	Kalin Potok, Ignjatov Hrast	Irig	Grgeteg	111.2
5.	Vrbica		Vrdnik	2.6
6.	Srneći Potok – Tatarica, Jazak		Jazak – Prnjavor	41.2
7.	Veliki Gradac, Rakovački Mali Potok	Beočin	Rakovac	73.7
8.	Čendreviti Čot, Crvene Krečane – Kozarski Potok, Ravni Breg, Drenovac, Orlovac		Beočin	71.5
9.	Čerevićki Potok – Đerova Kosa, Grabić (Kestenski Put), Široki Cer, Gradac		Čerević	127.4
10.	Biklav		Sviloš	0.2
11.	Ravne		Grabovo	3.0
12.	Janok – Kišelez		Susek	1.2
13.	Janok – Kišelez		Lug	60.9
14.	Ravne	Sremska Mitrovica	Manđelos	92.6
15.	Biklav, Ležimir		Ležimir	39.8
16.	Đurđin Grab, Gradac		Šuljam	53.0
17.	Šuljam, Grgurevačka Pećina, Papratski Do		Grgurevci	87.8
18.	Kraljevac		Bešenovo	6.1
Total:		5	18	933.6

Source: *Authors' research based on literature data (Provincial Government, 2015; PE Fruška Gora National Park, 2018)*

The dynamics of social and demographic indicators of rural development are determined for the eight municipalities and 45 cadastral municipalities that constitute the area (Table 5). The results show that the population of the area raised between 1991 and 2002, while between 2002 and 2011 it declined in all municipalities except in Petrovaradin. The share of the population under 15 years of age has been constantly declining, while the share of the population over 65 years raised in all municipalities except in Šid. The average size of a household is decreasing in the area. According to the latest census, the average size of a household is 2.8. Similar negative social and demographic trends (population decline, migrations, changes in age structure, etc.) have been also detected in our research for the southern (Braunović & Perović, 2017) and eastern parts of Serbia (Braunović & Ratknić, 2018). These trends, along with poor economic conditions and insufficient financial support by the State, are the most important factors that constrain rural development. On the other hand, the share of the

population in active working-age slightly raised in most of the municipalities except in Beočin, Bačka Palanka, and Petrovaradin.

Table 4: *Land use in the area of the National Park*

Land use	Area of the National Park									
	Municipality								Total	
	Bačka Palanka	Beočin	Inđija	Irig	Petro-varadin	Srem. Karl.	Srem. Mitr.	Šid	ha	%
Agricultural	92.6	928.1	6.8	503.8	297.2	92.9	516.2	192.8	2630.2	9.9
Other land	92.6	928.1	6.8	503.8	297.2	92.9	516.2	192.8	2584.4	
Tourist-recreat.	-	-	-	1.1	44.8	-	-	-	45.8	
Forest land	1122.7	6177.6	234.1	4145.5	2479.8	558.5	4822.1	4037.2	23577.5	88.5
Forests and wooded land	1115.2	6157.0	158.6	4088.4	2382.1	552.7	4814.7	393.7	23204.4	
Monumental	-	-	-	1.3	-	-	1.0	-	2.3	
Orchards	-	2.1	-	-	-	-	-	-	2.1	
Tourist-recreat.	7.4	17.6	75.5	55.8	97.7	5.8	6.4	102.4	368.6	
Water	0.2	129.0	-	14.8	21.7	2.0	16.6	23.5	207.7	0.8
Danube River	-	39.1	-	-	-	-	-	-	39.1	
Lakes and swamps	-	-	-	-	9.6	-	-	-	9.6	
Reservoirs	-	-	-	-	-	-	-	21.7	21.7	
Stagnant flood water	-	36.2	-	-	-	-	-	-	36.2	
Streams and canals	0.2	39.9	-	14.8	12.1	2.0	16.6	1.8	87.4	
Forested wetlands	-	13.9	-	-	-	-	-	-	13.9	
Built-up land	1.2	42.9	21.8	81.6	32.3	6.2	37.0	15.6	238.5	0.9
Residential	-	-	-	5.8	3.6	-	3.0	-	12.3	
Monastaries	-	1.8	-	6.1	-	-	0.6	-	8.5	
Tourist-recreat.	-	9.9	-	14.8	5.7	-	8.3	0.6	39.3	
Commercial and services	-	-	-	16.6	-	-	-	-	16.6	
Infrastracture complex	-	1.7	-	1.9	0.3	-	-	-	3.9	
Infrastructure land	1.2	29.5	21.8	36.4	22.8	6.2	25.2	15.0	157.9	
Total	1216.6	7277.6	262.6	4745.6	2830.9	659.6	5392.0	4269.0	26653.9	100.0
%	4.6	27.3	1.0	17.8	10.6	2.5	20.3	16.0	100.0	

Source: *The Urban and Spatial Planning Institute of Vojvodina (2018)*

The share of the population in active working-age makes 68.1% of the total population and the average duration of life is 44.2 years. Moreover, the results of the study highlight park-people relationships and the dependency of the locals on resources of the area, considering that the share of the agricultural population is 13.2% and the number of agricultural holdings is 8991. These factors, along with biodiversity of flora and fauna and rich cultural heritage of the park, are potentials for the rural development based

on sustainable ecotourism, given that the basic function of ecotourism is not only a preservation of natural areas but also income gain, education, and participation of the locals (Lutovac & Đuričić, 2014). The impact of ecotourism on an area manifests itself through the decrease of unemployment, the improvement of the demographic situation in the area, the development and strengthening of the local economy and thus reduces the disparities in the development of the area (Rokvić et al., 2017).

Even though a national park is a good instrument for biodiversity conservation, ignoring the dependency of local people on park resources creates conflicts between local communities and the park authority (Nath & Alauddin, 2006). Protected areas as means of biodiversity conservation and national development could be justified only if they contribute to the well-being of local people (Robinson & Ginsberg, 2004).

Some activities should be established to reduce the dependency of the locals on natural resources of the area (Nath & Alauddin, 2006). For instance, the locals could benefit financially by providing accommodations and catering services to the tourists. Similarly, should educated persons be involved, they can act as tourist guides.

The Fruška Gora National Park is currently at the initial stage of ecotourism development and it is hoped that it will incorporate local participation for better conservation of biodiversity and well-being of the local community. According to literature data, out of the 57 settlements in the area, 46 have up to 3,000 inhabitants and agriculture is the most important economic sector for the majority of them. It was stated that most of the area has a predominantly rural character and most of the actual activities already take place in a rural area (Medić et al., 2012). On the other hand, only the parallel development of the non-agricultural sector can increase rural employment chances, improve the quality of life of a rural population, provide them with alternative sources of income and preserve rural communities (Erokhin, 2011).

From the discussion above, it is clear that the contribution of ecotourism to the restructuring of weak economies is unquestionable. The most important expected effects of ecotourism development are increasing the degree of involvement of the rural population in new employment opportunities, improving the quality of rural life, rural area development, and the growth of the economy of the area (Ivolga & Molchanenko, 2014).

Table 5: *Dynamics of socio-demographic indicators of rural development in 1991-2012*

Indicators	Year	Municipality								Total
		Beočin	Šid	Bačka Palanka	Srem. Mitrov.	Irig	Petro-varadin	Srem. Karlov.	Inđija	
Average size of a settlement, person	1991	14848	21893	1394	7894	10308	23560	7534	32356	119787
	2002	16086	23966	1249	7941	10869	30404	8839	37166	136520
	2011	15726	21251	1064	6652	9532	32931	8750	35853	131759
Population under 15 years, %	1991	18.5	16.6	16.6	16.3	15.4	23.7	20.0	19.2	18.3
	2002	17.8	15.6	13.6	15.6	13.0	16.6	15.2	15.4	15.3
	2011	13.7	13.6	12.3	9.3	9.4	14.5	13.8	11.9	12.31
Population over 65 years, %	1991	11.5	15.8	12.1	13.3	16.1	8.9	11.7	12.5	12.7
	2002	16.5	19.9	21.6	15.0	22.6	12.7	15.5	18.1	17.7
	2011	18.1	18.9	24.3	20.4	24.2	15.1	15.7	20.0	19.60
Population in working age, %	1991	68.4	67.6	71.3	70.4	68.5	67.4	68.3	68.4	68.8
	2002	68.3	64.5	64.8	69.4	64.4	70.7	69.3	66.6	67.2
	2011	68.2	67.5	63.4	70.3	66.4	70.4	70.5	68.1	68.1
Average size of a household, person	1991	3.0	2.9	3.1	3.1	2.8	3.0	3.0	2.7	2.9
	2002	2.9	3.0	2.4	2.9	2.8	3.0	3.0	3.0	2.9
	2011	2.8	2.7	2.6	2.8	2.7	3.0	2.9	2.9	2.8
Average duration of life, years	1991	-	-	-	-	-	-	-	-	-
	2002	39.4	41.7	43.3	41.4	44.4	38.3	39.8	41.1	41.2
	2011	42.6	43.6	46.2	46.0	47.5	41.2	42.2	44.4	44.2
Number of agricult. holdings	2012	1068	2087	194	1580	1188	798	267	1809	8991
Agricultural population, person		2013	3920	443	3037	2330	1311	507	3823	17384
Agricultural population, %		12.8	18.4	41.6	45.7	24.4	4.0	5.8	10.7	13.2

Source: *Statistical Office of the Republic of Serbia (2011, 2012, 2014a, 2014b)*

Based on the results of the SWOT (Table 6) and PESTEL analyses (Table 7), the most important advantages and opportunities for the development of ecotourism in the Park are large areas in the protected zones, numerous touristic facilities (educational trails, eco-camp, mountain lodges), nature conservation (ecological projects, nature conservation movements, NGOs, ranger service), raising awareness of the local community about the environment, involvement of young and educated people, ecotourism benefits for the local community, well-connected road networks, and establishment of buffer zone around the park.

On the other hand, the main disadvantages, weaknesses, and threats to ecotourism and rural development of the area are insufficient investments and incentives of the State, lack of initiative and disregard for the importance of ecotourism for the development of the area, absence of GIS database (mapping of trails and sites of protected species, etc.), weak institutional cooperation, absence of a common strategy on tourism

development and management of the Park, youth migration, inconsistent and insufficient promotion of the destination, undeveloped economy, insufficient relationship between the Park management and the local people, and unsatisfying involvement of the local people.

Table 6: *SWOT analysis of the ecoutourism in the National Park*

Strengths	**Weaknesses**
- Protected area; - European Charter for Sustainable Tourism in Protected Areas (Europarc Federation); - Well-connected road networks; - 32 protected sites in the zone of the 1st degree of protection; - Peace; - Commitment to nature conservation; - High share of working-age population; - Tourist offers: educational trails, walking, hiking, animal watching, cycling, marathon; - Eco-camp; - 11 mountain lodges; - Numerous happenings; - A large number of visitors.	- Insufficient number of experts; - Absence of GIS database; - Lack of information on precise number of visitors; - Irresponsible behaviour of visitors (environment pollution and degradation); - Inadequate road network in the rural areas; - Absence of joint strategy on tourism development and park management; - Weak cooperation among the stakeholders of development; - Insufficient budget; - Insufficient relationship between the National Park management and local people, and unsatisfying involvement of local people.
Opportunities	**Threats**
- Implementation of strategy on sustainable management of habitats, species and cultural heritage (until 2027); - International projects; - Workshops with the local community to raise awareness about natural resources; - Information center on Iriški Venac; - Implementation of the management plan on the Park visiting, and better-equiped ranger service; - Improved communication, education and participation of the local people; - Nature Conservation Movement "Defend the forests of Fruška Gora"; - Online guide to the Fruška Gora National Park (Fruskac.net); - The interest of the local community in tourism development (a possible driver of rural development); - Establishing a buffer zone along the Park.	- Lack of cooperation among institutions, local self-governments, non-governmental sector, local community and others in the implementation of strategic and planning documents; - Failure to recognize the value of the Park and the need to protect the area; - Lack of education; - Poor economic conditions; - Lack of technical and administrative personnel in the Park and its limited management capacity due to insufficient budget; - Endangerment by surface mines, landfills, illegal construction, traffic, collection of wild plants and fungi, hunting, grazing, illegal logging, fires and torrents; - Depopulation in some rural areas; - Mass tourism; - The danger of damaging the plant and animal habitats.

Source: *Authors' research*

Table 7: *PESTEL analysis of the ecoutourism in the National Park*

Factors	Advantages	Disadvantages
Political	- Importance of tourism for the economic development of Serbia; - Importance of ecotourism for the local community; - EU funds for nature conservation.	- Inadequate budget planning; - Insufficient investment in ecotourism; - Inadequate work of the responsible ministries.
Economic	- Experts in economy, tourism and hotel industry; - Potential for rural tourism development.	- Low State investments in tourism development; - Undeveloped economy and unemployment.
Social	- The motivation of the rural population to work in tourism; - Young people's interest in ecotourism; - The high share of the working population.	- Youth migration from rural areas; - Passivity in the development; - Public and local involvement.
Technical and technological	- Pan-European Corridor X and well-connected road networks; - Technological innovations; - The increasing number of young people educated in the field of IT.	- Absence of database (mapped trails and sites, cadastres of springs and watercourses, etc.); - No encouraging of research; - Inconsistent and insufficient promotion of the destination.
Environmental protection	- A large number of protected plant and animal species; - Young people's interest in environmental protection and their involvement in the actions; - Nature conservation actions and eco-camp.	- Insufficient protection of natural and cultural values; - Unacceptable environmental degradation; - No monitoring of rare species; - Insufficient data on allochthonous flora and fauna.
Legal aspects	- Law on Tourism; - Law on Local Self-Government; - Nature Conservation Law; - Environmental Law; - Law on Ratification of the Convention on Biological Diversity.	- Insufficiently stringent environmental laws; - Lack of monitoring of environmental law enforcement and implementation of conventions.

Source: *Authors' research*

Conclusions

The convenient location, substantial wildlife resources, abundance in water and geological elements, and the richness of the cultural-historical monuments of the Fruška Gora N.P. exemplify an important ecotourism potential of the area and economic opportunity for the local community. The area mainly consists of wooded land, which is the most important natural resource of the area, suggesting high potential for ecotourism and

rural development. Thus, we believe in the priority of development of ecotourism as one of the most prospective tools for the attraction of additional income in the area and its sustainable economic development.

Negative socio-demographic trends are the most important factors that constrain rural development of the area. On the other hand, the potential for the rural development of the area based on sustainable ecotourism lies in the fact that the share of the population in working-age slightly raised in most of the municipalities and it makes 68.1% of the total population, and the average duration of life is 44.2 years. The biggest advantages and opportunities for the development of ecotourism in the area are large protected zones, touristic facilities, raising ecological awareness of the local community, involvement of young people, ecotourism benefits for the local community, and establishment of buffer zone around the Park. The main disadvantages, weaknesses, and threats to ecotourism and rural development in the area are insufficient investments of the State, disregard for the importance of ecotourism, absence of GIS database, weak institutional cooperation, absence of a common strategy on tourism development and Park management, undeveloped economy and poor relationship between the Park management and the local community.

A priority condition for the development of ecotourism in the area is the strong strategic and financial support, which should create the necessary conditions for rural development. One of the goals of future projects should be the promotion of ecotourism as an opportunity that will help rural development. These projects should involve active contribution to the conservation of the natural and cultural heritage of the area, informing visitors on tourist products and contribution to the wealth of local people by their inclusion in planning and development of the area.

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SETTING UP INTEGRAL TOURIST PRODUCTS, OFFERING GREEN, ACTIVE AND HEALTHY 5* EXPERIENCES IN LANDSCAPE: MUNICIPALITY OF IVANČNA GORICA IN SLOVENIJA

Lea-Marija Colarič-Jakše[1]; Urša Kutnar[2]

Abstract

Ivančna Gorica in Slovenija is rich with cultural heritage and natural resources. In 2018, it introduced apitourism, as the Carniolan bee was first found in Ivančna Gorica. One of the problems is that the tourist offer is dispersed and not connected enough. Another problem lies in the tourist providers who fail to cooperate and work together. Since there were no integral tourist products to be found, we surveyed 213 participants. Based on the survey we assembled products, pointed out the most attractive one and gave some guidelines for further development. In the article we present the suggestions for the integral tourist products more in detail, we show the results and how article can be a basis for further research. This approach and the analysis of setting up integral tourist products can contribute to new achievements and originality. Products can enter the market after undergoing a professional examination and an upgrade.

Key Words: *tourism, tourist, integral tourist product, tourist offer, apitourism*
JEL classification: *Q1, Q2, R0, Z3*

Introduction

"Tourism is a fast-growing industry, where people meet up, communicate, exchange information and experience new things. It represents a fundamental part of the cultural aspect of life and travel for rest, vacation and education. Tourism represents an economic opportunity for the

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development of local and regional communities and destinations for the locals as well as for tourists visiting these destinations. A tourist product is an integral part of the tourist offer. In tourism, the product consists of a physical product as well as service and natural and cultural goods" (Turnšek Mikačić, 2019, p. 3). Depending on the number of offered tourist products, some destinations offer only one specific tourist product while others offer several integral tourist products. The Strategy for Sustainable Growth of Slovenian Tourism 2017–2021 defines a strategic vision of Slovenian tourism, with focus on several strong and market-oriented key elements and emphasizes that Slovenia is a global green boutique destination, perfect for a demanding visitor who seeks diverse and active experiences, calmness and personal growth (Ministry of Economic Development and Technology, 2017b). The municipality of Ivančna Gorica in Slovenia also has an excellent opportunity for the development of this fast-growing and strategic industry, which will only be able to maintain its competitiveness by offering unique and boutique-integral tourist products and by interconnecting and co-creating of tourist providers. Ivančna Gorica has the potential for the development of tourism and has no established integral tourist products. The area is expecting a substantial development of apiturism, as Ivančna Gorica is the birthplace of the Carniolan bee. The municipality honored the Slovenian bee with a monument of the Carniolan bee in Višnja Gora, in the immediate vicinity of a traditional apiary and a garden with honey plants. Since integral tourist products are essential for the development of tourism, we decided to research this area and design integral tourist products. Ivančna Gorica can offer various types of tourism and has many transit guests due to its ideal location. To keep the tourists in the in it for a more extended period of time and offer them the opportunity to visit several tourist attractions, we have found that it is necessary for the tourist providers, associations and other entities involved in this industry to cooperate and interconnect as well as to establish integral tourist products. In this way, the tourists could stay in the municipality the whole day and visit more sights and fully experience the tourist offer. This article sheds light on new topics and provides answers to the questions regarding which sights are most in-demand by tourists and the possibilities for further development of tourism in the area.

Theoretical background - tourism and tourist

Tourism is an economic activity that can connect small businesses in rural areas through individual and integral products. According to Brezovec, (2015) "tourism acts as a shop window for their crops, products and

services. Through tourism, quality products and services from various activities are presented and marketed (catering, agriculture, food processing, trade crafts, cultural and artistic, sports and recreational offer, etc.). Examples of good practice show, that properly connected and marketed rural tourism products contribute to the success of small businesses, to international recognition and ultimately, to the improvement of life, demography and cohesion of rural areas" (p. 6). "Tourism includes the activities for all visitors; those who travel for one day and those who spend the night at the destination. Both groups are important for this business and the tourist product from the consumer perspective. This definition sets out two essential conditions that must be met when talking about tourism. These two essential conditions are integration and going beyond the usual living environment. The everyday living environment is an area in which people are constantly moving in connection with their routine tasks" (Mihalič, 2008, p. 8). "Tourism is a specific socio-economic phenomenon, as well as a personal understanding of spiritual and material life. In the future, the intricacy and complexity of this phenomenon, as well as its importance for the development of civilization will increase" (Besermenji, 2008, p. 5). The Statistical Office of the Republic of Slovenia (Methodological explanation; arrivals and overnight accommodation, 2019, p. 3) states the following definition of tourism: "Tourism is an activity that contributes t the economic and social development of an individual place and country as a whole". The Statistical Office of the Republic of Slovenia defines the term tourist as: "A tourist is a person who spends at least one night, but less than one year, in a place outside his usual environment, in a catering or other accommodation facility for leisure, relaxation, business or other reasons; if they are not carrying out an activity for which they receive payment in the place visited. Upon arrival, the tourist is registered in every accommodation facility in which they stay; therefore they can be registered several times during their stay in a certain place/country".

A tourist product and an integral tourist product

"A tourist product is the main part of the tourist offer. The word "product" is primarily used to describe materialized products, with a specific shape and other visible properties. In the tourist market, however, the term "product" is used primarily for services" (Cvikl & Brezovec, 2006, p. 62). A tourist product is a combination of products and services. Therefore, we conclude that the tourist product most often tends to service, which is in many cases, combined or supplemented by products. However, we are

aware that in tourism, the product consists of physical products as well as services and natural and cultural goods. Tourist demand is becoming increasingly complex in terms of product quality and quantity of available partial products and the possibility of choosing or combining them. Tourist companies that are not focused on a single activity (for example, catering, transport), but on the provision of various tourist services, have greater opportunities to create an integral product. "A tourist service is everything we offer tourists to satisfy their needs and desires in terms of transport, accommodation, entertainment, food and beverage, recreation, animation (Brezovec & Nemec Rudež, 2009, p. 133)". A tourist can purchase all these services from one provider as a package of services, so-called tourist arrangement (flat holiday) or individually with different providers. A tourist product can be designed by a travel agency and offered as a tourist package or designed by direct providers of tourist services and offered on the market through promotion, such as holidays in a spa, holidays in the countryside, etc. Tourists themselves can also design a tourist product. The forms and contents of tourist services are limited only by the ability of the company or provider to identify the needs and desires of tourists and through the creativity of planners and providers of tourist services. The tourist product consists of products and services of several providers, which means that in terms of sales and perception of its scope, it has several forms, namely: partial product, flat-rate product and the total product. Depending on the number of offered tourist products, some destinations offer only one specific tourist product; others offer several possible integral tourist products. "An integral tourist product is a product that, in practice, means a set of several products and services that meet the needs of tourists when visiting a tourist destination. A new integral tourist product is a product that the municipality or destination does not yet have in its offer and with which it can raise the quality of its offer and contribute to a greater diversity of the tourist destination offer" (Ministry of Economic Development and Technology, 2017a, p. 3).

Tourist market, supply and demand

The term "tourist market" denotes a set of processes (relationships) of demand and supply. Intermediaries such as travel agencies should be excluded from the tourist exchange process. The consequence of communication between supply and demand in modern times is a reduced space for direct physical communication. We have already moved into a virtual exchange market, which is present everywhere, not just in tourism. Regardless, the tourist market has some peculiarities. Tourist

intermediaries often link tourist supply and demand, so we can say that they are integral elements of the tourist market: "tourist supply, tourist demand and tourist intermediaries" (Čavlek et al., 2011, pp. 52–54). "From an economic point of view, demand consists of all the market forces that deal with how a customer acts and influence the customer's willingness to buy a certain quantity of goods at various prices" (Glas, 1992, p. 14). "For statistical purposes, tourist demand is defined as the number of persons involved in tourist travel or wishing to be involved in order to benefit from tourist products in places other than their place of residence" (Cooper et al., 1998, p. 24). "Tourist demand can be affected by several factors, not just price. Demand does not encompass only people who are actually involved in tourist travel, but also those who want to travel but cannot travel for various reasons. Tourist demand determines relations in the tourist market" (Colarič-Jakše & Veljković, 2014, p. 166). "The term tourist offer refers to all market forces that influence the market behaviour of sellers or providers. An individual provider has their own supply curve, which shows their willingness to offer a certain quantity at a certain price level, all other things being equal. The set of individual offers within the market of a particular good gives a total (aggregate) offer of these goods" (Glas, 1992, p. 81). Colarič-Jakše and Veljković (2014) "represent the essential characteristics of the tourist offer, namely: Immobility or static condition (tourist demand is continuously moving); The level of the seasonality of the tourist offer (this is the only characteristics where the tourist offer and demand are similar, both are namely seasonal); Heterogeneity or diversification of the tourist offer (this occurs because there are a large number of providers on the market who create and offer tourist products); Inelasticity of the tourist supply (in contrast to the demand, the tourist supply is inelastic, which means that the supply cannot quickly change its capacity with respect to the intensity of demand)" (pp. 174–175).

Tourist offer in the countryside

Through sustainable and expertly marketed tourism, the countryside can exhibit and sell its crops and products while maintaining its vitality and its values. The model of sustainable marketing is based on the assumption of responsible and ethical tourism, which has the function of preserving natural, cultural and human resources in rural areas. Sustainable marketing provides long-term benefits for entrepreneurs, agricultural activity and the local community. It provides the following benefits to the countryside as a tourist destination (Brezovec, 2015): "greater economic diversification of rural areas; longer stay and higher consumption of guests; higher demand

for local products; higher incomes for farmers; infrastructure maintenance; new jobs opportunities in tourism and tourism-related activities; greater economic stability" (p. 9). The strategic guidelines for the marketing of rural tourism are directed not only towards attracting tourists (external marketing) but also towards internal stakeholders - entrepreneurs, creators, residents of the area (so-called internal marketing). The importance of internal marketing of rural tourism is that the internal stakeholders systematically develop networking to achieve positive effects of tourism on the area.

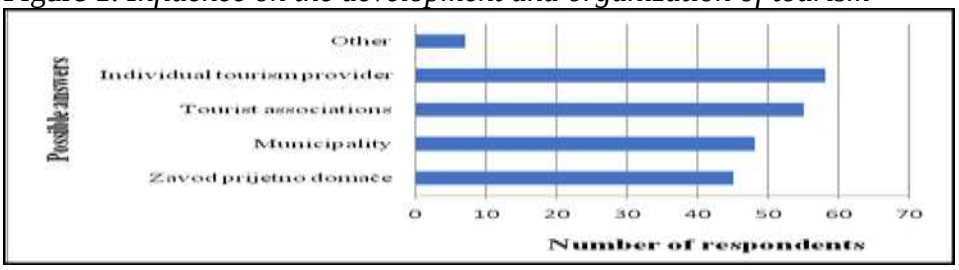
Method and results

We used the method of the theoretical approach to our research as we first studied the professional literature on the topic, reviewed the promotional materials of the municipality of Ivančna Gorica and analyzed the content on their website www.ivancna-gorica.si. In the empirical part, we prepared and conducted a survey and research, which established the current state of tourism in the municipality of Ivančna Gorica and obtained starting points for the establishment of integral tourist products. We surveyed citizens and people who have visited the municipality at least once. The survey was conducted from 3 February 2019 to 31 May 2019, where we gathered answers from 213 respondents. We made a SWOT analysis, based on which we identified the strengths, weaknesses, opportunities, and threats to the development of tourism and integral tourist products. Based on the research, we interpreted the obtained data and designed integral tourist products. Before starting the research (Kutnar, 2019), we set three hypotheses: H1: The municipality of Ivančna Gorica has well-developed tourist products; H2: The municipality of Ivančna Gorica has no integral tourist products; H3: The slogan "Comfortable and Homelike" contributes to better recognition.

Influence on the development and organization of tourism

Respondents were asked who in their opinion, most influences the development and organization of tourism in Ivančna Gorica. The lowest number of respondents indicated "Other", seven respondents stated that they did not know who influences the development and organization of tourism most, and eight respondents stated local associations and citizens have the most influence. The majority of the respondents believe that individual tourism providers (58 respondents) and tourist associations have the most influence.

Figure 1: *Influence on the development and organization of tourism*

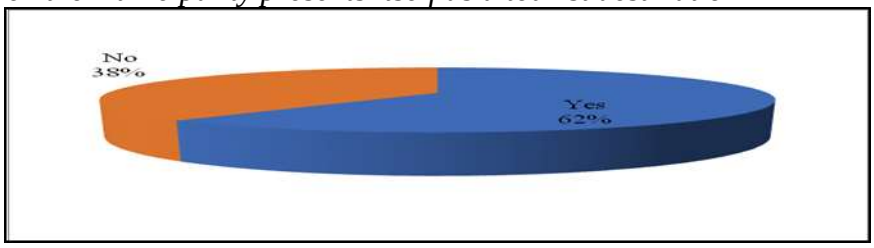


Source: *Prepared by the authors*

Recognition of the slogan "Comfortable and homelike", under which the municipality presents itself as a tourist destination

Respondents were asked about the recognisability of the municipality's slogan. As many as 62 % of those asked know the "Comfortable and homelike" slogan, and 38 % of those asked do not know it. Municipality of Ivančna Gorica is one of the rare municipalities that has a slogan which is becoming more and more recognizable (Figure 2).

Figure 2: *Recognition of the slogan "Comfortable and homelike", under which the municipality presents itself as a tourist destination*

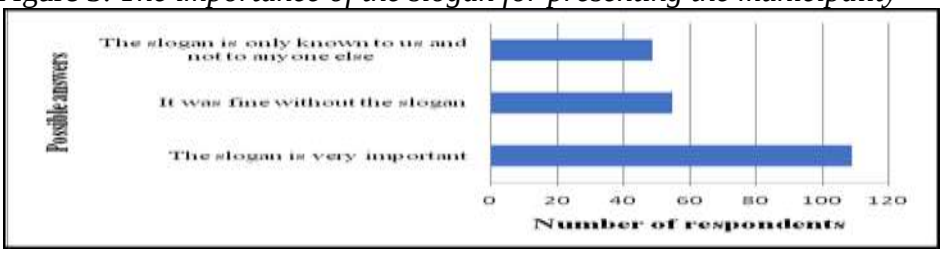


Source: *Prepared by the authors*

The importance of the slogan for presenting the municipality as a tourist destination

We asked the respondents how much the slogan helps when presenting and promoting it as a tourist destination. The majority of respondents (109) consider the slogan to be very important. According to 49 respondents, the only people who know the slogan are the ones living in it and the ones who have already visited it. Of those people asked, 55 stated that the promotion of the municipality was fine without the slogan (Figure 3).

Figure 3: *The importance of the slogan for presenting the municipality*

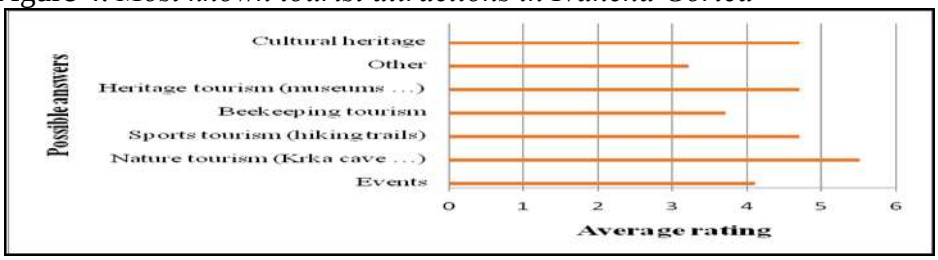


Source: *Prepared by the authors*

Most known tourist attractions in the municipality of Ivančna Gorica

We asked the respondents to rate the recognisability of tourist attractions in the municipality of Ivančna Gorica. Respondents had to rate the recognisability of a tourist attraction from 1 (lowest recognisability) to 7 (highest recognisability). The results are presented in Figure 5, according to the average rating for individual attraction. Based on the answers, we can observe that the highest average rating was assigned to natural tourism. Beekeeping tourism and "other" received the lowest recognisability rating. For "Other", respondents named Nina Pušlar, Reka ljubezni ("River of Love"), All-Slovenia fair, Excursion Tourism and Farms, outdoor play in Muljava, and "I do not know".

Figure 4: *Most known tourist attractions in Ivančna Gorica*

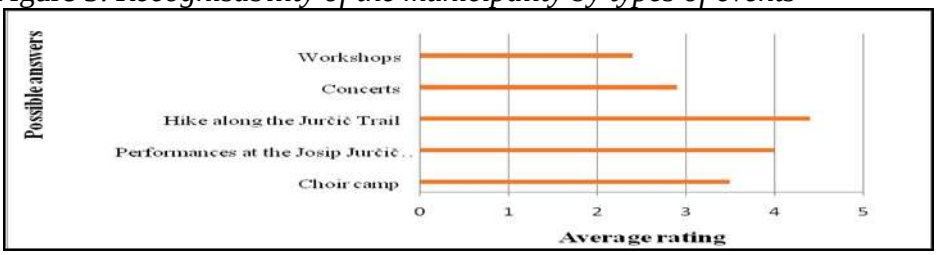


Source: *Prepared by the authors*

Recognisability of Ivančna Gorica by types of events

We asked the respondents to rate the recognisability of events in the municipality of Ivančna Gorica. Respondents had to rate the recognisability of a tourist attraction from 1 (lowest recognizability) to 5 (highest recognisability). The average ratings are presented in Figure 5. The highest average rating was assigned to the hike along the Jurčič Trail (4.4) The lowest average score was assigned to workshops (2.4).

Figure 5: *Recognisability of the municipality by types of events*

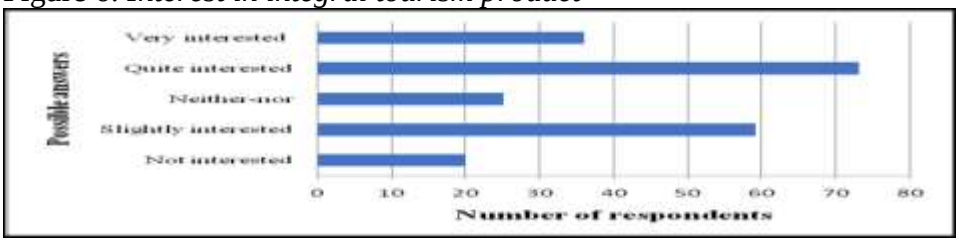


Source: *Prepared by the authors*

Interest in integral tourist product

We asked the respondents if they would be interested in an integral tourism product that would also include a hike or a different activity. The majority, 73 respondents, stated that they would be quite interested, 59 respondents stated they would be slightly interested and only 20 respondents would not be interested in the proposed integral tourism product (Figure 6).

Figure 6: *Interest in integral tourism product*

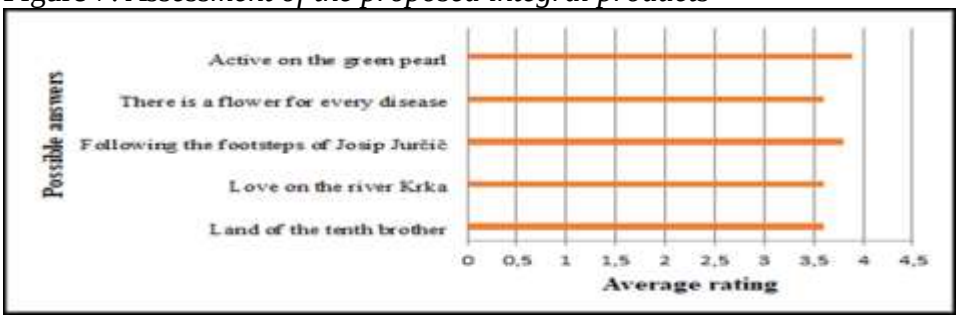


Source: Prepared by the authors

Assessment of the proposed integral products

We asked the respondents to rate the proposed integral products in municipality. Respondents had to rate the products from 1 (lowest rating) to 5 (highest rating). The average ratings of proposed integral products are presented in Figure 7. The highest average rating was assigned to the product Active on the green pearl ("Aktivni na zelenem biseru") and Land of the tenth brother ("Dežela Desetega brata") got the lowest rating.

Figure 7: *Assessment of the proposed integral products*

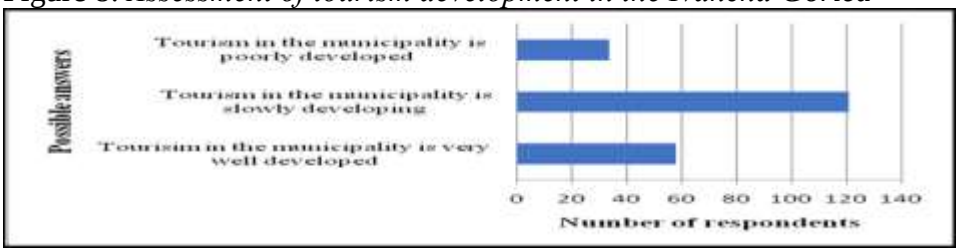


Source: *Prepared by the authors*

Assessment of tourism development in Ivančna Gorica

We asked the respondents to assess the development of tourism in the the municipality of Ivančna Gorica. The majority of those asked reported that tourism is developing slowly, and only 34 respondents believe that tourism in the municipality is poorly developed (Figure 8).

Figure 8: *Assessment of tourism development in the Ivančna Gorica*



Source: *Prepared by the authors*

Discussion

The concept for the establishment of integral tourist products

Lisi and Esposito (2015) state that "integral tourism can be defined as a type of tourism that is specifically related to the environment in which it is carried out and has, in practical terms, a clear connection with local resources, activities, products, the production and service industry, and also works with the local community. The goal of integral tourism is twofold. Due to different interests, requirements and needs, the goal of such tourism is to merge into a common, integral strategic tourism plan. The goal of tourism is planning with the aim of being united in the social and economic life of the region and its community. Although it has been proven that some

tourist destinations have developed without a conscious strategy and integration, many destinations have suffered unwanted consequences (physical, human, marketing, organizational impacts). These led to their downfall. Integral tourism has proven to be crucial in the sustainable development of rural areas (so-called integral rural tourism)" (pp. 246–247). Given the potential of supply and demand for rural tourism in the area, we recommend the development of some umbrella products in the area, which can be developed into integral tourist products. When designing the offer, the core of it should be the so-called umbrella concept of the Ivančna Gorica product, which combines the most important needs and expectations of target market groups and the benefits that the rural area can offer. The meaning of the umbrella concept is to promote the visibility, diversity and competitiveness of the tourist offer in selected market segments. For the umbrella concept of tourist products of the considered rural area, Brezovec (2015) proposes the concept 5E – "Eco, Ethno, Ethics, Esthetics, Energy: Eco: as an emphasis on nature conservation (in accommodation, food, products, creative workshops, sports and recreational activities); Ethno: as the inclusion of elements of the area's heritage in the basic (food and accommodation) and supplementary tourist offer of the area (e.g. stories of past heritage, inclusion in the still-active heritage, e.g. on tourist farms); Ethics: as responsible tourism - considerate, respectful "consumption" and interpretation of the nature and culture of the area; emphasizing coexistence and respect; Esthetics: as an added value to tourist observation (e.g. including sightseeing); and experiencing accommodation and food services (tidiness, thoughtful design); it can also be used as an independent component of products with an emphasis on beauty (care, spa) or art (photography, art, film tourism); Energy: as a promotion of vitality (sports, recreation, health, wellness, healing, spirituality, personal growth, co-creation, learning)" (p. 31).

We design a tourist product on the basis of six contents: where we are at the moment, what we want to achieve by designing a tourist product, how we will design it and test its development which includes 4p's (product, price, place, promotion), start-up and monitoring. Within the core of demand of all segments of tourists, which we have identified as potential and sustainable tourists in the rural area of Ivančna Gorica, are nature activities and gastronomy. We address those tourists who appreciate and seek pure nature and healthy (typical, local, seasonal, home-grown, quality) food. Their active attitude and respect for the countryside also give rise to other interests, wishes and needs, which providers know how to offer in an appropriate way at the right time in the right place. Defining a product

category is a type of rural tourism with a touch of innovation and creativity. The brands developed by the providers should reflect this view, which is a key advantage for the selected target segments - tourists will get a guaranteed high standard and consistent authenticity, but in an interesting way, with a new story that will be of special value to them. The source of trust in the rural tourist product lies in the inseparable connection of providers with the countryside, nature and culture throughout the year. The target segments are an important area since each integral tourist product has its own target group. Thus the products called "Aktivni na zelenem biseru" ("Active on the green pearl") and "Dežela Desetega brata" ("Land of the Tenth Brother") are suitable for active, young people, especially for primary and secondary school students and higher education students. The integral product "Po sledeh Josipa Jurčiča" ("Following the footsteps of Josip Jurčič") is intended for everyone, as it includes activities that are suitable for both young and old. "Za vsako bolezen rož'ca raste" ("There is a flower for every disease") is especially suitable for the elderly who appreciate homemade remedies and for young people who are becoming increasingly interested in natural ways of healing diseases. It could also be suitable for people who like to learn about homemade herbal remedies. "Ljubezen na reki Krki" ("Love on the river Krka") is intended for fans of the TV series Reka ljubezni, who would like to visit the destination they see on the TV. Creators of tourist products must be increasingly creative and innovative in the design of products, as they are forced to do so by strong competition and the increasingly developed needs and requirements of representatives of modern society. We can get a new product by developing it in our company by buying a franchise or through cooperation. Many new tourist products are not commercially successful. This can be avoided by carefully and meticulously developing new products, where increasing emphasis is placed on sustainable development. Since we have found in the research of the tourist offer of the of Ivančna Gorica that no integral tourist products yet exist, we have designed integral tourist products on the basis of the study, which we present below (Kutnar, 2019).

Dežela desetega brata ("Land of the Tenth Brother"): Within the integral tourist product, named after the first Slovenian novel, we planned a hike along the selected part of the "Comfortable and homelike" route. Tourists can choose the part they wish to walk based on their psychophysical abilities. This product is based on the premise that some tourists have fond childhood memories that took place in Ivančna Gorica, and they can explore those areas without the use of a car. During their trip, they could visit a museum or have lunch on a tourist farm located in the

vicinity. This product could be not only available as a one day trip but also a more extended vacation. The vacation would focus on sports tourism where tourists could set off on the "Comfortable and homelike" route from one of the local communities and walk the entire circular route in three to four days. The tourists would spend the night on a tourist farm where they would have the opportunity to enjoy the local cuisine.

Ljubezen na reki Krki ("Love on the river Krka"): The trail Ljubezen na reki Krki ("Love on the river Krka") is designed in such way, that visitors can see the filming locations of the popular TV series Reka ljubezni ("The river of love"). The tourist product Ljubezen na reki Krki is designed in the same way. So, tourists first watch a video of how the TV series was filmed and the funny clips and interviews with the actors about which landmark is their favorite. Then they walk the trail of Reka ljubezni, which shows the filming locations they saw on the TV. Along the way, they visit a well-known pilgrimage church of Saints Cosmas and Damian, the spring of the river Krka and the spring of the Poltarica river. Then, the visitors drive to Muljava, where they visit the Josip Jurčič Museum, have lunch at the inn and swim in the Krka river.

Po sledeh Josipa Jurčiča: The trail Ljubezen na reki Krki ("Love on the river Krka") is designed in such way, that visitors can see the filming locations of the popular TV series Reka ljubezni ("The river of love"). The tourist product Ljubezen na reki Krki is designed in the same way. So, tourists first watch a video of how the TV series was filmed and the funny clips and interviews with the actors about which landmark is their favorite. Then they walk the trail of Reka ljubezni, which shows the filming locations they saw on the TV. Along the way, they visit a well-known pilgrimage church of Saints Cosmas and Damian, the spring of the river Krka and the spring of the Poltarica river. Then, the visitors drive to Muljava, where they visit the Josip Jurčič Museum, have lunch, and when the temperatures are suitable, visitors can also swim in the Krka river.

Za vsako bolezen rož'ca raste ("There is a flower for every disease"): In Stična, people have long been associated with nature and herbs. The late Father Simon Ašič the person responsible for that. This integral tourist product came to be due to the great historical and cultural significance of both Stična and Father Ašič. Tourists would first visit the Christian Museum in Stična, and after the tour they would go to the SITIK store, where they would have the opportunity to buy teas and herbal preparations. Additionally, we could hold a tea ceremony in the tea room and educational

seminars on medicinal herbs. The seminars would educate people on when and which herbs to pick and many other important topics. The trip would be concluded with lunch at the farm.

Aktivni na zelenem biseru ("Active on the green pearl"): The Krka river offers many opportunities for actively spending your free time and unforgettable experiences, such as fishing or swimming in the river. We focused on other activities in our tourist product. We have planned to start the day with a tour of the Krka Cave, then take a kayak ride on the Krka river, have lunch and return to the starting point.

Od rože do medu – apiturizem ("From flower to honey - apitourism"): With the unveiling of the House of the Carniolan Bee, it will be possible to develop a unique integral tourist product dedicated to Carniolan lavender, namely "From flower to honey". With this integral product, visitors would get the opportunity to learn about the path from flowers to honey and other bee products. Visitors would first see a park of honey plants and learn about their properties and importance. The park tour would be followed by a tour of the apiary, observing the behaviour of bees and getting to know the body parts of the bee. During the tour of the apiary, visitors would be able to see how it is built and its other non visual attributes. This would be followed by a tour of the house of Carniolan bee and a presentation of a film about Carniolan bee. A tasting of bee products would conclude the visit. We would create an additional programme for children that would be similar to the programme described above only that it would be adapted to the children. There would be a great emphasis on education about the importance of bees for human existence and food production as well as on how honey can be used for culinary and health purposes. There are numerous opportunities due to apitherapy and the culinary world especially in the period when the International Institute of Gastronomy, Culture, Arts and Tourism named Slovenia the holder of the title "European Gastronomic Region 2021". Apitourism in Slovenia transforms the rich Slovenian apiculture into a unique travel experience, which is also the primary integral tourist product of our research. Apitourism contributes to a higher quality of life, educates people and develops a high level of respect and responsibility for the natural, cultural and social environment as well as emphasizes the values of health, family, creativity, connection, harmony and the importance of fulfilment in life. It brings Slovenia closer to the ideal of a healthy destination, known as a country of hospitable people, and above all as a homeland of excellent beekeepers with rich apiculture and centuries-old beekeeping practices developed by beekeepers. The

philosophy of this relatively new branch of tourism is based on the observance of natural laws - the functioning and importance of bees can be reflected in the functioning and importance of man and his realization of values such as belonging, organization, diligence, respect, harmony. Adding the trend of travelling to green, eco, health-oriented and satisfaction-oriented destinations and the rise of creative tourism, we can speak of integrated sustainable tourism.

Vision, mission and strategic goals of rural tourism in Ivančna Gorica

Based on the analysis of the state and opportunities of rural tourism and the definition of its identity, we set the direction of the development of tourist products. We define this by vision, mission and strategic goals. Vision defines what the rural area wants to become or in which direction it wants to develop its integral tourist products - the source for the vision are the advantages of the destination. The vision of rural tourism for Ivančna Gorica is: The area will become attractive for creative people to live and work and for spending their leisure time. It will become a recognizable tourist destination with natural and cultural sights and a connected, quality and authentic tourist offer. It will be renowned for its excellent typical cuisine and top-quality products related to nature. The design of integral tourist products in rural areas must follow the vision and contribute to its realization. Tourist products must be integral into combinations (packages) of services, products and experiences that will make sense and satisfy the specific needs of selected tourist segments or into integral tourist products. The importance of designing and marketing common rural tourist products is, therefore in rising demand. Tourists/buyers will more easily find, recognize, evaluate and buy the integral tourist product and with that also the rural area. They will recognize and pay for the added value of transport, services, products and experiences that will be combined, making a coherent unit. The mission of integral tourist products in realizing the vision of rural tourism is: "bringing together tourism and tourism-related providers in rural areas; raising the demand for their products and services; competitively satisfying the needs of selected segments of tourists (without negative impacts on the natural and social environment) and increasing the visibility, quality and recognition of brands of the countryside" (Brezovec, 2015, p.18). Based on the research, we have confirmed all three hypotheses. The first hypothesis "The municipality of Ivančna Gorica has well-developed tourist products" has been confirmed. While studying the tourist products, we have found that they are well developed, and the overall image of it is at a high level. The second hypothesis "The municipality of Ivančna

Gorica has no integral tourist products" has been confirmed. Even though it is rich in various tourist products, it currently has no integral products. The third hypothesis "The slogan Comfortable and Homelike" contributes to better recognition of the municipality" was confirmed on the basis of a survey completed by citizens and visitors to the municipality. According to Colarič-Jakše (2017), "tourism is an industry that enriches wider local life and brings added value to the social environment. In order to strengthen the desired tourist image and identity of the common tourist product, the marketing of brands should systematically develop and realize the following promises: a functional set of promises (e.g. offer of authentic rural products, offer of quality and authentic tourist services, quality tourist infrastructure, aesthetics); the emotional set of promises (the benevolence and beauty of nature, the power and healing of climate and air, the pleasures and intoxication of tastes, the invigorating effects on human health and well-being and interpersonal relationships); an experiential set of promises (tours and experiences based on the natural and cultural sights of the rural area, service and experience of typical cuisine, experience of a typical ambience, the experience of genuine contact with the locals)" (p. 2).

Conclusion

Colarič-Jakše (2017) "finds that tourism is an important industry that enriches wider local life and brings added value to the social environment. It is a mirror of the identity of society, culture and wider area, which connects the world and the micro-economy into a wholesome image of a specific area. Tourism is one of the fastest-growing industries and strategic aspects of development, which achieves growth with the growth of new tourist areas. In the flood of supply, it builds its competitive advantage on the image of the environment, high quality and tourist satisfaction, and as a product, it is a synergy of professionalism, authenticity, diversity, attractiveness and hospitality. Tourism is a generator of development in a specific area, where the competitiveness of the global offer creates a high level of knowledge, professionalism, innovation, creativity, quality and excellence" (p. 2). The tourist activity in Slovenia is expanding very fast - we can already encounter the beginnings of integral tourist products or sometimes even end products in almost every local or regional community. However, we must not forget about the integration and cooperation of tourism providers and the integration of the offer and its quality. Tourism activity is also on the rise in Slovenia, as new and attractive tourist products and integral tourist products, including 5-star experiences, are being created. Ivančna Gorica is already a popular tourist destination due to its

location, which is extremely transit, it lies halfway between Ljubljana and Novo mesto. Based on the research, we came to the realization that it has many anthropogenic and natural attractions and that it is a land of many gems that its citizens can be proud of. In the past, the municipality built its recognition on the fact that the writer of the first Slovenian novel, Josip Jurčič, was born in Muljava but in the last five years, the Slovenian TV series Reka ljubezni ("The river of love") has made it attractive to visitors. The shots that the creators of the series showed to the viewers on television screens contributed to attracting visitors in large numbers, to see this tourist spot and the surrounding sights. We believe that Ivančna Gorica has great potential to become a tourist-recognizable destination with attractive integral tourist products, where apiturism stands out.

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RURAL RESOURCE AS A TOURIST ATTRACTOR

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Abstract

The development of tourism in destinations depends on its primary products as the main factors that attract tourists. This paper analyzes the quality of primary services in rural tourism. The authors of the paper investigated the quality of the existing supply in rural households in South Bačka by determining the difference between arithmetic means between pairs of importance and satisfaction. In this way, they identified potential segments for development, and identified the shortcomings that prevent the rapid development of this, in many ways, important branch of tourism *in Serbia. The obtained data show the current unenviable position of rural tourism in Serbia.*

Key Words: *rural, tourism, development, South Bačka District*
JEL classification: *O13, Z32*

Introduction

Given that rural tourism in Serbia is still development, rural areas have been identified as attractors for the potential development of this largely primary branch of tourism in Serbia. Over the last century, the development of rural tourism has been sporadic and unplanned. The state was not significantly concerned with this segment of supply, and intensive industrialization led to the aging of the Serbian village. In rural areas, tourism, based on natural resources, brings benefits, but not as much as agriculture contributes (Gajić et al, 2018a). The focus is on the quality of basic and primary services. Rural environments often use ecological and sociocultural values as their main attributes because of their availability

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and tourists expectations. Many of the attributes are tangible and can be evaluated, while many are intangible and are highly subjective. The paper assesses the quality of primary tourist services available to tourists in order to understand the importance of quality service in increasing tourist traffic and attracting tourists (Cvijanović & Gajić, 2018). There are many reasons for the importance of discovering the degree of quality of service, primarily because of the need to effect changes and improvements in the shortest possible time, thereby placing the rural product in a better position in the tourism market (Devesa et al., 2010).

Each destination has the opportunity to present a diverse resource offering, and in rural areas there is a concentration of products whose marketing must be intensified, whether through niche or mass tourism products in accordance with the desired market size. Rural tourism product enhances competitiveness by offering diverse experiences and activities, meeting individual needs and interests of visitors, and offering flexibility in responding to tourism tastes and demand. The goal is to form a model that would accelerate the development of rural tourism in order to achieve better quality accommodation and catering facilities in rural areas of Serbia. There is a need to find a way to achieve high quality in order for Serbia to reach European quality standards and join the European Association of Rural Countries, given that this association generates € 13 billion annually from rural supply, and by selling souvenirs up to € 17 billion (Fu et al., 2020).

The main aim and purpose of the research is to determine the existence of a relationship between the perceived and the expected (importance and satisfaction) of the quality of the tourist service through the collection and processing of primary and secondary data. The authors of the paper presented only data relevant to this work.

Literature review

Rural space in most countries of the world is 80% to 85% of the total area of the territory, with exceptions as high as 95% and 99% (Gajić et al, 2018b). In the European Union, more than half of the total population lives in these areas, and over 40% of domestic products are produced there (Demirović et al., 2017). Rural areas are experiencing a global crisis in Serbia, primarily as traditional agriculture and culture are slowly disappearing under the influence of urbanization and modernization. People leave villages, go to cities to find jobs, education, medical services,

and their villages become completely deserted (Yasuo, 2007). In recent years, there has been an increasing number of scholars dealing with the topic of rural revitalization, through the study of the quality of existing services and their improvement. Rural recession is also a phenomenon in the world (Fu et al., 2020).

However, rural areas do not only have a traditional and cultural form, they are increasingly a place for excursions, recreation, tourism, food production. Rural tourism in its better development can bring many benefits in terms of economic profit, employment, stopping emigration, etc. Rural areas should be understood in a broader context, not only as a form of tourism and tourist attraction, but as a means of preserving rural society and the environment. The main task of all structures should be to preserve the Serbian village by involving the local community and developing awareness of the importance of rural areas, not only in attracting tourists, but in order to develop sustainably (Đurić et al., 2019). The traditional village should shift from purely agricultural production to broader socio-economic activities. So far, this is exclusively about traditional village revitalization (Fu et al., 2020). The development of rural tourism must embrace a more integrated and territorial approach that embraces sustainable development, thereby creating links between cultural, social, economic and environmental resources. Rural tourism has been recognized as a major catalyst for socio-economic regeneration in rural areas. Rural tourism encompasses various activities and interests on farms, nature, adventure, sport, health, education, art, tradition and culture, folklore, belief values and common heritage. There is a growing demand for rural tourism products in the world and in Europe, and it is considered to be a useful way of addressing the social and economic challenges at the time of the decline of the traditional agrarian industry (Jaakkola et al., 2015). Due to their distance and poor traffic development, many rural areas have limitations in economic development. Traditional ways of working are not enough, so alternative sources of income are sought. Tourism is becoming a good option for improving rural life, increasing employment, stopping emigration, and encouraging positive economic changes in the distribution of personal income. Rustic events, cultural attributes and resources shape the tourism product, which is diverse in nature (Fleicher & Tchetchik, 2005; Pantić & Milojević, 2019). Many missteps are being made in placing a rural product on the market. The preparation of plans for rural development relies mainly on the realization of only economic profit, and not on the realization of a better future for the local population and the environment (Wang & Pfister, 2008). Rural tourism is an insufficiently

valorised resource in Serbia, although it is becoming a daily necessity of the people, as well as a segment that can significantly contribute to the development of the economic sector in the future of the country. Regarding rural tourism in Serbia, it can be said that by the end of the 20th century, its development was rather out of sync with other sectors, and uncoordinated, with a very undifferentiated supply. In recent years, Serbia has had better planning in term of a better quality tourist offer in the villages (Cvijanović et al., 2017).

Table 1: *Key elements of rural tourism*

Located in rural areas
Provides personalized contact
It permits participation in the activities, traditions and lifestyle of the rural population
Small scale settlements and buildings (rural)
It is a complex sample of the rural environment, economy, history and locality
High share of tourism revenues benefiting the local community
It grows slowly, in keeping with the locals
Functionally rural: based on small entrepreneurship, outdoors and in direct contact with nature, based on heritage and traditional activities

Source: *Zagreb County Gazette, (2005). Развој сеоског туризма у Загребачкој жупанији [Rural Tourism Development in Zagreb County], No. 9, p. 9*

The following table provides an overview of the status and prediction of population distribution and rural participation on different continents of the world.

Table 2: *Population Distribution and Rural Participation*

	Population (in millions)						Rural participation (%)		
	1975.		2000.		2030.		1975.	2000.	2030.
	Urban	Rural	Urban	Rural	Urban	Rural			
Africa	102	304	295	498	787	702	75	63	47
Asia	592	1805	1376	2297	2697	227	75	63	46
South America	198	14	391	498	127	608	39	25	15
North America	180	64	243	71	335	61	26	23	16
Europe	455	221	534	193	540	131	33	27	20
Oceania	15	6	23	8	32	10	28	26	23
World	1542	2524	2826	3565	4500	3783	63	55	45

Source: *Choi et al., 2018*

The theorist Burns (1996) emphasize that there is no general definition of quality, and that different definitions have been used in different contexts in which quality has been observed. Product quality is a complex set of features that determine the degree of suitability for its purpose. Quality is an integral part of product properties. The quality of a product is a measure of its usefulness, that is, its suitability to meet consumer demands (Saleh & Ryan, 1991). Whatever way quality is defined, one thing that is certain for the consumer is only the quality that is in line with his expectations. However, for tourists themselves, the satisfaction that comes from staying in a destination depends not only on experience with specific tourist services, but also on more general factors such as hospitality, safety and security, sanitation and health conditions. traffic and customer service. A large number of elements influence how tourists accept the destination at the level of their pleasure, which results in the tourists' desire to repeat their visits and to recommend the destination to further potential visitors. In this regard, certain "quality topics" have been created, which must be taken into consideration when assessing the quality of a rural destination: Quality of the destination (sustainability of the local community, support to the local community, marketing and promotion, quality of welcome and safety and security (Bramwell & Lane, 2014). The quality of the tourism product consists of: air quality, water quality, quality of the local environment, communication that precedes arrival, accessibility, transportation, activities, information, accommodation and food and drink. Rural tourism and its development cannot be treated separately from community activities. Business management, cooperation and cooperation are prerequisites for establishing rural tourism development, networking business networking, partnerships and regional institutions (Choi et al., 2018; Mirčetić et al., 2019; Parasuraman et al, 1988). The development and realization of rural tourism must take place through cooperation not only at the level of local communities, but also through regional cooperation and integration into wider international programs. Liaison with national and international associations, whose activity is related not only to the development of rural tourism, but also to the integral and sustainable development as a whole, in addition to facilitating the exchange of information and experiences and the adoption of methodologies, contributes to effective marketing. The rural working-age population, compared to urban, has: higher rates of activity (60.9% and 59.5%) and employment (47.9% and 43.4%) and lower rates of unemployment (21.3 and 27%) and inactivity (39.1% and 40.5%, respectively) (Fu et al., 2020). This is due to the fact that rural areas provide greater employment opportunities for lower educated persons, which is especially true of their

work in agriculture. On the other hand, this type of work engagement indicates a significantly higher share of vulnerable employment in rural compared to the urban population (Statistical Office of the Republic of Serbia, 2015).

Table 3: *Population distribution and rural participation population in the Republic of Serbia for 2011.*

	Urban population		**Rural population**	
	population	% participation	population	% participation
Serbia	3,965,884	55.49	3,181,542	44.51
Vojvodina	1,097,332	55.38	884,084	44.62
Centr. Serbia	3,025,984	57.50	2,236,516	42.50
Belgrade area	1,321,055	81.73	295,244	18.26
The other part	1,704,929	45.19	2,068,272	54.81

Source: *Statistical Office of the Republic of Serbia, 2011*

Table 4: *Number of overnights in rural tourism in the period 2005 - 2014 in the Republic of Serbia*

Year	**Number of nights spent in all tourist places of the Republic of Serbia**	**Share of realized number of nights of rural tourism in the total number of nights in all types of tourism in the Republic of Serbia (%)**	**Number of nights spent in other tourist places and other places (rural areas)**
2005	6,499,352	21.71 %	1,411,305
2006	6,592,622	20.54 %	1,354,027
2007	7,328,692	20.85 %	1,528,389
2008	7,334,106	22.31 %	1,636,509
2009	6,776,763	21.45 %	1,453,792
2010	6,413,515	22.42%	1,437,714
2011	6,644,738	20.83 %	1,383,947
2012	6,484,702	21.32 %	1,382,222
2013	6,567,460	20.66 %	1,356,633
2014	6,086,275	20.02 %	1,218,552
Total	60,641,950	21.34%	12,944,538

Source: *Statistical Office of the Republic of Serbia, 2015*

There are 6,158 settlements on the territory of the Republic of Serbia, of which 193 are urban (3.1%) and 5,965 are other settlements, which are considered rural by automatism. About 1,000 households are registered in Serbia in rural settlements providing catering and tourism services. Members of about 300 households are engaged in tourism as their primary activity. There are about 8,000 beds in the total offer. 750 to 1,500 overnight stays in one household. More than 1,000 nights a year, generates

60 households. About 240 establishments generate 700-1,000 overnight stays and 150 have 350-700 overnight stays. About 300 households earn less than 350 nights a year. The average length of stay of tourists in households is 2.8 days (Gajic et al., 2018).

The largest receptive, as well as broadcast, markets for rural tourism are France, Germany, Austria, the United Kingdom and Italy, which together account for over 77% of the total rural tourism market in Europe. Today, within the scope of rural tourism in Serbia there are 408,580 nights, or about 6.2% of the total number of nights in Serbia. Domestic visitors account for 100% of all rural turists in Serbia (Tourism Development Strategy of the Republic of Serbia). The average price of accommodation in the mentioned accommodation facilities for rural tourists is 15 euros, which means that the average income of rural tourism on the basis of accommodation and catering capacities is about 6,200,000 euros. The development of tourist activity in rural settlements in Serbia began in the 1970s. However, at the beginning, this activity was not given adequate importance, and therefore, there were no adequate incentive measures to advance its development. In the Republic of Serbia, rural population makes up 43% of the total population. Table 2 presents data on the participation of rural population in 2011.

Methodology

The following methods were used in the research of the given problem: the bibliographic-speculative method was used to collect, analyze and interpret the obtained data or to structure the theoretical part of the paper. A modified survey questionnaire was used as a means of testing in the implementation of the field survey. A model taken from surveys conducted by Albacete-Saez et al. (2007). The results were analyzed in SPSS 23.00 software, and a five-step Likert scale was used to investigate the views of tourists, visitors to rural households. The main and alternative hypotheses were set:

H0 - there is no statistically significant difference between the pairs of importance and satisfaction.

H1- there is a statistically significant difference between pairs of importance and satisfaction.

The survey was conducted from May to August 2019 in rural and catering establishments of rural character in the Southwest District: Bucin salaš

(Temerin), Babin salaš (Žabalj), Gnizdo (Bačka Palanka), Milov salaš (Vrbas), Tatić (Srbobran), Stremen (Titel).

Results and discussion

Categorical variables are represented by relative (%) frequency. The central tendency of numerical features is represented by the arithmetic mean (m), and the scatter by standard deviation (sd). Frequency distribution of numerical characteristics was examined by indicators of skewness and elongation (kurtosis). Since all variables were normally distributed, parametric statistics methods were used. A t - test of pairs was used to test for differences, with Pearson correlation coefficient - r also shown. The significance level selected is 0.05. The results are presented in tables. A total of 234 respondents participated, of which 64.8% were men and 35.2% were women. In terms of age structure, the highest proportion of participants was middle-aged 35-40 years, 40.2%, with the highest secondary level of education. Table 5 lists all questions or scores for the importance and satisfaction pairs. Seven categories have been identified: personal responsibility, ancillary offers, relationships with tourists, basic requirements, material elements, security and empathy.

Table 5: *Items analysis of importance and satisfaction pairs*

Personal responsibility	The host is ready to fulfill all requirements The host does very well and knows his job The host always greets the guests The host deals with guest expectations The host is ready to approach the problem The host meets their guests without delay Constant presence in the household for help
An accompanying offer	The host provides quality meals The host assumes the role of tourist guide The host offers traditional home-made products The host involves tourists in both activity and domestic work
Relations with tourists	Members of the household know the traditions and customs The hosts make souvenirs, workshops The hosts give good tips and suggestions The hosts provide food information Hosts treat tourist with kindness The hosts are very friendly
Basic requirements	Rural furniture is preserved Rural space is comfortable Common areas preserved Marketing credible The price is in line with the quality

Material elements	The rural interior is cozy The exterior is rustic Host wear traditional clothes The rooms are clean The household is clean Extra space clean
Security	Security is provided The hosts care about security Every part of the household is marked The driveway is marked
Empathy	Locals know a foreign language The hosts try to make their guests understand The hosts take into consideration the wishes of the guests The host provides everyone with individual help

Source: *Author's research*

Table 6 gives an insight into the results of the survey, where average scores and standard deviations for given importance variables, or expectations are observed. It can be observed that tourists had high expectations of the services provided. In the category of personal responsibility, the highest value of the arithmetic mean is carried by the host variable without delay m = 4.76 (sd = 0.435). Then, the host ready to approach the problem carries a very good average score of m = 4.62 (sd = 0.569). The lowest value of the arithmetic mean is carried by the host always welcoming the guests (m = 3.66; sd = 1.136). In the category of accompanying offer the best rated score is *the host assumes the role of tourist guide* with an average rating of m = 4.74 (sd = 0,590). The lowest value of arithmetic mean is the question *the host offers traditional home-made products* m = 4.26 (sd = 1.091). However, it should be noted that all average grades above 4 are very well rated.

In the tourist relations category, all scores have an average score above 4. The highest average score is earned by the hosts, the hosts are treated with kindness (m = 4.88; sd = 0.325) and the hosts give good tips and suggestions (m = 4.88; sd = 0.325). Item in the basic requirements category carry very good grades. In the case of the hosts wear traditional clothes, of the material element category, bearing the lowest mean of the arithmetic mean m = 3.35; sd = 1.496). The best grade is given by interior and exterior scoring m = 4.44. As for the security category, the assumption is that security is at level I and that the hosts care for the safety of the guests. Empties are rated with an average score above 4. The hosts consider the wishes of the guests as m = 4.77 (sd = 0.862). The foreign language proficiency score m = 4.54 was rated lower.

Table 6: *Item analysis for importance (m=arithmetic mean; sd=standard deviation)*

	m	sd
The host is ready to fulfill all requirements	3.68	1.238
The host does very well and knows his job	4.30	0.843
The host always greets the guests	3.66	1.344
The host deals with guest expectations	3.76	1.136
The host is ready to approach the problem	4.62	0.569
The host meets their guests without delay	4.76	0.435
Constant presence in the household for help	4.61	0.704
The host provides quality meals	4.66	0.695
The host assumes the role of tourist guide	4.74	0.590
The host offers local traditional products	4.26	1.091
The host involves tourists in both activity and domestic work	4.65	0.659
Members of the household know the traditions and customs	4.50	0.760
The hosts make souvenirs, workshops	4.72	0.576
The hosts give good tips and suggestions	4.88	0.325
The hosts provide food information	4.62	0.679
The Hosts treat tourist with kindness	4.88	0.325
The hosts are very friendly	4.21	1.259
Furniture is preserved	4.12	1.229
The space is comfortable	4.39	1.031
Common areas are preserved	4.39	0.993
Marketing is credible	4.43	0.970
Price is consistent with quality	4.40	0.989
The rural interior is cozy	4.44	0.971
The exterior is rustic	4.44	0.971
The hosts wear traditional clothes	3.35	1.496
The rooms are clean	4.08	1.473
The household is clean	4.79	0.533
Extra space is clean	4.52	0.885
Security is provided	3.47	1.621
The hosts take care of security	4.63	0.677
Every part of the household is marked	2.70	1.622
The driveway is marked	2.71	1.600
Locals know a foreign language	4.54	0.759
The hosts make every effort to make them understand	4.69	0.593
The hosts take into consideration the wishes of the guests	4.77	0.862
The host provides everyone with individual help	4.84	0.478

Source: *Author's research*

Table 7: *Item analysis for satisfaction (m=arithmetic mean; sd=standard deviation)*

	m	sd
The host is ready to fulfill all requirements	2.12	1.392
The host does very well and knows his job	2.85	1.437
The host always greets the guests	3.21	1.692
The host deals with guest expectations	3.81	1.693
The host is ready to approach the problem	3.59	1.719
The host meets their guests without delay	3.72	1.662
Constant presence in the household for help	3.55	1.770
The host provides quality meals	3.16	1.779
The host assumes the role of tourist guide	2.75	1.714
The host offers local traditional products	2.98	1.644
The host involves tourists in both activity and domestic work	2.68	1.533
Members of the household know the traditions and customs	4.10	1.482
The hosts make souvenirs, workshops	3.99	0.881
The hosts give good tips and suggestions	3.46	1.682
The hosts provide food information	3.57	1.576
Hosts treat tourist with kindness	4.01	1.361
The hosts are very friendly	3.92	1.404
Furniture is preserved	3.11	0.761
The space is comfortable	3.11	0.968
Common areas are preserved	4.43	1.196
Marketing is credible	3.93	1.294
Price consistent with quality	3.80	1.092
The rural interior is cozy	3.38	1.252
The exterior is rustic	3.72	1.338
The hosts wear traditional clothes	3.70	1.178
The rooms are clean	4.00	0.965
The household is clean	3.79	1.238
Extra space is clean	3.47	1.139
Security is provided	3.79	1.310
The host takes care of security	3.29	1.177
Every part of the household is marked	3.32	1.079
The driveway is marked	3.19	1.145
Locals know a foreign language	3.41	1.166
The hosts make every effort to make them understand	3.49	1.285
The hosts take into consideration the wishes of the guests	3.49	1.081
The host provides everyone with individual help	3.22	1.154

Source: *Author's research*

Table 7 gives results for satisfaction-related items after using the appropriate services. It is noted that the average grades are much lower than expected shown in the table. In the category of personal responsibility, the highest value of the arithmetic mean is borne by the host. The host deals with guest expectations m = 3.81 (sd = 1.693). The lowest grade is given to the host is ready to meet all the requirements m = 2.12 (sd = 1.392). In the accompanying offer, the best rated item is the host provides quality meal (m = 3.16; sd = 1.7709. The lowest rating in the same category bears the question the host includes tourists in activity and domestic affairs m = 2.68; sd = 1.533). The item the household members know the tradition and customs is rated 4.10, while the lowest rated is item host gives good advice and suggestions (m = 3.46). Item the rooms are clean is rated with m = 4.00 (sd = 0.965). The lowest value of arithmetic mean is assigned to item rural interior is pleasant m = 3.38 (sd = 1.252). Tourists stated that the rooms were clean and rated very good. Security is rated very high (m = 3.79; sd = 1.310). The lowest mark is given to the item which describes the space of households m = 3.19 (sd = 1.145). From the category of empathy, the highest score is given to the understanding of tourst by the hosts (m = 4.49), but the lowest mark is givent to knowledge of foreign languages by the hosts m = 3.41.

Table 8 gives an insight into the correlation analysis of the dimensions importance and satisfaction. The correlation between the importance and satisfaction of personal responsibility is weak and negative (r = -, 127, p =, 053). The expected values of importance and satisfaction move in the opposite direction, but there is a statistically significant correlation. The correlation between the importance and satisfaction of the accompanying offer is positive r =0, 109. The dimension of importance of the relationship with tourists correlates poorly with the dimension of satisfaction with the relationship with tourists, there is a statistically significant difference (r = 0,189; p = 0.004). A statistically significant difference was observed in the dimension of importance meeting the basic requirements (r = 0.329; p = 0.00). The correlation is positive and medium strong. Correlation analysis of fifth pair importance - satisfaction with material elements shows that there is no statistically significant difference, correlation is weak positive. The correlation between the importance of safety and the dimension of safety satisfaction shows a statistically significant difference, but a weak positive correlation (r = 0,160). The correlation of the last pair is weakly positive and indicates that there is no statistically significant difference between the pair and the importance of satisfaction with empathy.

Table 8: *Paired samples correlations*

Pairs of the importance of satisfaction		Correlation	Sig.
Pair 1	Personal responsibility	-0.127	0.053
Pair 2	An accompanying offer	0.109	0.097
Pair 3	Relations with tourists	0.189	0.004
Pair 4	Basic requirements	0.329	0.000
Pair 5	Material elements	0.085	0.193
Pair 6	security	0.160	0.014
Pair 7	empathy	0.138	0.035

Table 9: *t-test of statistical significance of difference of arithmetic mean of importance and satisfaction*

	mi	sd	ms	sd	ms-mi	t(234)	df	p	L95%	U95%
Personal responsibility	4,20	0,381	3,26	1,011	-0,933	12,694	233	,000	0,788	1,078
An accompanying offer	4,58	0,453	2,89	1,254	-1,687	20,062	233	,000	1,521	1,853
Attitude towards tourists	4,63	0,301	3,84	0,845	-0,792	14,390	233	,000	0,683	0,900
Basic requirements	4,34	0,857	3,67	0,724	-0,670	11,111	233	,000	0,551	0,789
Material offer	4,27	0,746	3,68	0,578	-0,596	10,089	233	,000	0,479	0,712
Security	3,38	1,016	3,40	0,652	0,023	-,308	233	0,759	-0,166	0,121
Empathy	4,71	0,373	3,40	0,810	-1,309	23,727	233	,000	1,200	1,417

* mi = the arithmetic value of the pair importance; ms = the arithmetic value of the satisfaction pair; ms - mi = value of satisfaction gap and importance; t (234) = t value and degree of freedom; p = statistical significance; CI = confidence interval (L (lower), U (upper)).

The table 9 shows arithmetic values for the dimensions of importance and satisfaction, and the difference between the given dimensions. The importance of the personal responsibility dimension is rated very well (m = 4.20), while the satisfaction dimension is rated m = 3.26. A score difference of -0.933 was statistically significant and confirmed with a 95% confidence interval (t = 234; CI (L = 0.788, U = 1.078)). An accompanying offer has the arithmetic mean of importance m= 4.58, while satisfaction m = 2.89. There was a statistically significant difference in scores of -1,687 (p = 0.00; (t = 234; CI (L = 1.521; U = 1.852). The difference between the points of the dimension attitude towards tourists of importance and satisfaction is -0,792. It proved statistically significant with a confidence interval of 95%. The dimension of basic requirements of importance carries an average score of m = 4.34 (sd = 0.857), while satisfaction m = 3.67 (sd = 0.724). The difference turned out to be statistically significant (CI = 95%, L = 0,551, U = 0,789, T = 234). The importance and satisfaction security subscale did not prove statistically significant (p = 0.759), while the empathy subscale in both categories had a statistically significant difference with a 95% confidence interval.

Based on the research and analysis of the results obtained, the starting hypothesis is rejected, and the alternative is accepted that there is a statistically significant difference between the pairs of importance and satisfaction.

Conclusion

The level of competitiveness of Serbia in the field of rural tourism product is not particularly good, despite the fact that there are all prerequisites for its more expansive development (natural, cultural and social resources). Rural tourism is a significant instrument for the economic and social development of rural areas. These areas are attractive to tourists because of the advantages of a rural environment with historical tradition, ethnic and geographical characteristics. The authors of the paper conducted a search in several tourist and catering facilities in the rural area of the South Bačka District in order to investigate the existing quality of the services provided. The hypotheses of the research were raised as to whether there is a statistically significant difference between the arithmetic means of the pairs of importance and satisfaction. A modified questionnaire used in their research was presented by Albacete-Saez et al. (2007). There are seven categories of importance and satisfaction, with questions related to the quality of services offered. The importance questionnaire was related to pre-service research, while satisfaction was after using services in rural areas. The data obtained indicate insufficient quality of services, and there is a statistically significant difference between the average ratings of the importance and satisfaction pairs. This confirms the alternative hypothesis H1 and negates the initial or null hypothesis H0.Regardless of the fact that tourism is recognized as a development segment of the economy in Serbia, rural areas are still at an early stage of development, and it is necessary to strategically devise a plan and support all structures in order to see a significant shift, with maximum sustainable utilization of all resources. in this space. The resource base is insufficiently valorized, and all available resources need to be activated by tourism in order to achieve faster and better economic and social development. It is of key interest for further development that an action plan and strategic measures should be implemented to activate all the resource values that are a prerequisite for tourism development. Then, to establish cooperation at local, national and international level, because tourism is generally an insufficiently organized activity, whose development does not follow the opportunities and values at its disposal (Fu et al., 2020). The implementation of a multidisciplinary approach, with a predefined development plan and direction, as well as an

adequate national development program, would greatly contribute to a better placement on the tourism market. The formation of an authentic tourism product, as a future brand, will make rural areas recognizable in the regional and world markets. All the resources that are the basis and driver of tourism development must undergo adequate valorisation and, with the affirmation of support from the local population, can achieve significant results in the fight against competition and achieve long-term stable business in the market.

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ORGANIC FOOD: CHARACTERISTICS, REGULATIONS AND TOURISM DEVELOPMENT IMPACT

Gorica Cvijanović[1]; Milena Žuža[2]

Abstract

The European Union is committed to setting the highest standards in the field of food safety, so it brings new and complements existing food quality and safety regulations. One of the forms of production of safe products is primary organic production. The law on organic production defines the methods of organic production, control, certification, processing, etc. Organic food is a product that in its basic biochemical characteristics matches the type and varieties. The organic production of lettuce and other vegetables increases the content of vitamin C. In the human diet, products derived from primary crop farming are largely consumed. A significant increase in protein content was found in the grains of these plant species and their product (flour) from organic production. Undeveloped countries, such as the Republic of Serbia, do not have the capacities to process primary agricultural products into highly processed products, for which there is a strong demand on the international market, apart from the possibility of placing products through tourist facilities.

Key Words: *organic production, nutritional components, regulations, tourism development*

Introduction

Nutrition and food safety as interdependent components are key elements of public health (World Health Organization, 2013).

Food quality and safety is a very important issue that is being debated today. Food safety can be defined either in a broad or narrow sense. In a

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narrow sense, food safety can be defined as the absence of food risks. In a broad sense, food safety may include the nutritional characteristics of foods as well as the presence of toxicant residues of chemicals and genetic modification (Savović et al., 2012). According to the Commission of the European communities (1999), food quality and safety can be defined as "the degree to which a product meets the needs of users". The food safe for health is most often defined as food that does not contain physical, chemical, or microbiological contaminants, and after consumption, it can not harm human health.

The presence of toxicants in food can be a consequence of air, water and soil pollution. The soil, as the main environment for food production and the circulation of matter, is undergoing major changes in hygiene and health. Many toxicants and harmful substances that can be found in food products are the result of agricultural production. Over the past few decades, the risk of food and water contamination has increased with chemical residues from agricultural production (mineral fertilizers, pesticides, biostimulants, and antibiotics in livestock production). According to Cvijanović & Savić, (2016) thus, various dioxins can be found in food products, representing a group of stable, polychlorinated complex organic chemical compounds (p. 46). Dioxins are widespread contaminants that do not have a specific use and are not produced. They are produced as by-products of various industrial processes (combustion in waste incineration, as well as in the production of chemicals and in the use of orphanochlorine compounds). Organochlorine pesticides belong to the group of so-called persistent organic pollutant (POPs), which are generally resistant to photolytic, biological, and chemical degradation. Since they do not dissolve in water, they can accumulate in animal adipose tissue and thus enter the food chain. Organophosphate insecticides, triazine herbicides can be leached from agricultural land to get into drinking water, where they pose a danger to human health (Cvijanović et al., 2013). Large amounts of mineral fertilizers are used in intensive agricultural production. This method is dangerous for the environment because plants can not absorb some of nitrogen. As a result, nitrogen is released into the environment. Nitrogen and phosphorus fertilizer residues also pose a great risk to food safety. The highest concentrations of nitrates and nitrites contain leafy vegetables, especially spinach, lettuce, arugula, carrots, and other species that can cause health problems in young children. Environmental contamination with heavy metals is a global problem, since they are non-degradable, and most of them have a toxic effect on living organisms in certain concentrations (Bhuiian et al., 2010). The presence of heavy metals

(nickel, lead, iron, and cadmium) in food may be a consequence of changes in various agrotechnical measures in agricultural production (Kanianska, 2016).

Organic production - a prerequisite for healthy food

Over the last few decades, the increasing human population has greatly influenced a progressive increase in demand for value-added food products (Elmalimadi et al., 2017) leading to an increase in primary food production per unit area. (Cvijanović et al., 2011) "in addition, the exploitation of energy and other resources in a usable form is a serious environmental problem in all parts of the world' (p. 330). The exponential growth in food production is a threat to resources and has disrupted the link between ecology and food production. To address these issues, measures are being taken for further development of primary raw materials that should be prioritized: human health, environmental protection, food security, conservation of natural energy sources, land and water, etc. These priorities can be achieved through organic agricultural production aimed at the quality and safety of food products for human health, compliance with environmental and economic principles. Targeted production, both conventional and evironmetally friendly, strives to achieve stable yields and select the most favorable varieties for a particular area, the most suitable for a specific production technology. Cvijanović et al., (2008) 'the level of the yield of cultivated plants, expressed through profit, and which is the final goal of production, depends primarily on investment in production' (p. 25).

Agriculture is an industry sector that is identified in the EU as part of European critical infrastructure (ECI). Growing demands for healthy food and environmental protection, on a global scale, have led to the development of strategies and programmes for sustainable agricultural production. The organic production sector was developed within the framework of sustainable agricultural production, in order to prevent further environmental degradation. Over the past decade, the organic food sector has been one of the fastest growing segments in the global food market (Sahota, 2015). Organically produced food has become a trend and a way to provide safe and quality food products. Organic production in the world by the number of producers, the surface of cultivated land involved in organic production, and the development of the market is constantly growing. The largest increase was observed in 2016. Growth continued in 2017 for the year, 20% more areas were under organic plants (2016, 57.9

million ha, 2017, 69.8 million ha). In 2017, organic production accounted for 1.4 % of the total amount of agricultural land. The largest areas are in Oceania 35.9 million ha (8.5%), Europe (14.6 million ha, which is 2.9 %) and the EU 7.2 % of the total area. The number of organic producers was 2.9 million, which is 0.2 million more than in 2016. According to Sahota (2015), the global organic food market has grown by 330% over the last 15 years, and the offer has grown by 200%, so the question is whether the supply will be able to keep up with the demand.

Table 1: *Share (%) of area under organic production by region*

Regions	**Total of organic production areas** ***(%)***	**Total of agricultural land** ***(%)***	**Growth of organic areas in the period 2009-2017** ***(%)***
Africa	73	0.2	130.2
Asia	9	0.4	82.1
Europa	21	0.9	75.5
Latin America	11	2.1	10.5
North America	5	0.8	25.0
Oceania	51	8.5	196.4
The world	100	1.4	102.4

Source: *FiBL & IFOAM Organics International The World organic Agricukture Statiscis and Emereging trends 2019 https://shop.fibl.org/chen/mwdownloads/download/link/id/1202/*

In Europe, the share of areas under organic production is 14.6 million ha, which is one million hectares more than in 2016. In fifteen EU countries, organic production was 7.2% (12.1 million ha) of the total agricultural area. The largest areas are in Spain (2.1 million ha), followed by Italy (1.9 million ha), and France (1.7 million ha), which is five times more than in 1999 (11 million ha). The number of organic food producers in Europe is about 370,000, which is 7% more than in 2016 and in the EU 300.000, which is 10% more.

The organic food market in Europe is growing steadily reaching 37.3 trillion euros even in 2017, and in the EU 34.3 trillion euros, which is 10.5% more than in 2016. In the European market, milk and dairy products, eggs, vegetables, bread and pastry are most on demand. After eggs, the largest share goes to organic vegetables (Table 2).

Table 2: *Products with the highest % share in organic production in 2017*

	Austria	**Germany**	**Finland**	**France**	**Switzerland**
Eggs	20.1	19.4	15.4	27.0	25.5
Milk and dairy products	10.4	-	-	4.0	12.6
Bread and pastry	-	7.7	1.0	2.9	20.7
Fruit	10.6	7.8	-	6.7	13.5
Vegetables	14.4	9.7	3.91	5.4	21.2
Meat and meat products	3.52	2.5	1.10	1.6	5.32

Source: *FiBL & IFOAM Organics International The World organic Agricukture Statiscis and Emereging trends 2019 https://shop.fibl.org/chen/mwdownloads/download/link/id/1202/*

Organic production in Serbia

Organic production in Serbia is defined in accordance with the European Commission document Codex Alimentarius and the Law on organic production in the Republic of Serbia (Official Gazette of the Republic of Serbia, No. 30/10), the Rulebook on control and certification in organic production and methods of organic production (Official Gazette of the Republic of Serbia no 48/11 and 40/12). For organic production in Serbia, we can not say that it is at a high level. In particular, although Serbia shares only 2 % of the area of Europe, according to the standards of IFOAM and the World Health Organization (WHO), Serbia has a favorable potential for organic production (agro-ecological conditions, knowledge, land fragmentation, relief conditions). In addition, there is a significant genetic divergence in agriculture in Serbia, as there are more than 150 cultivated plant species, which is a great potential. With meadows and pastures, the total area under organic production in Serbia in 2017 was 15,298 ha. Out of these, the largest part of the area is under cereals (39.79%) and fruits (22.3%), followed by vegetables with 1.79%, fodder 10.46% and industrial plants 8.59%. The most common types of industrial plants are sunflower (58.5%), soybean (19.8%) and rapeseed (18.4%), as well as lucerne fodder plants (42.0%), fodder peas (33.2%) and lupine (8.4%). Organic vegetable production is dominated by the cultivation of beans, which accounts for 13.8% of the total area under organic vegetables. Then pumpkin and potatoes with a share of 11.7%, tomatoes 5.6% and onions 5%. A third of the area under organic fruit is covered by raspberries. The production of organic apple (24%), plums (18%), sour cherries (9.7%) and blackberries (6.1%) is also significantly represented http://www.dnrl.minpolj.gov.rs/

o_nama/organska/organska_proizvodnja_u_srbiji.html)/. The spatial distribution of organic production in Serbia is found in the Vojvodina region (53.7%), then in Southern and Eastern Serbia (32.4%), Šumadija and Western Serbia (13.7%), and least in the Belgrade region (0.03%) (Table 3).

Table 3: *Spatial distribution of area under organic production in regions in Serbia (2017)*

Republic/Region	**Agricultural land used (ALU) (ha)**	**Areas under organic production (ha)**	**Organic areas share in ALU (%)**
Republic Serbia	3,437,423	15,298	0.45
Belgrade area	136,389	38.13	0.03
Vojvodina	1,608,896	7,706.44	0.48
Šumadija and Western Serbia	1,014,210	1,963.11	0.19
South East Serbia	677,928	4,650.28	0.69

Source: *Directorate for National Reference Laboratories of the Ministry of Agriculture, Forestry and Water Management RS) http://www.dnrl.minpolj.gov.rs/o_nama/organska/organska_proizvodnja_u_srbiji.html)*

The largest share of the organic area in total agricultural land is located in the region of Southern and Eastern Serbia. These areas are dominated by organic fruit production (37%) and cereals (25.4%) (Table 4). This region accounts for 0.69% of the total land used (Table 3). In the region of Vojvodina, the area under organic production is 0.48% of the ALU (Table 3). This region is dominated by the production of cereal (43.3%), inudstrial plants (29.3%), and fodder (16.5%) (Table 4). In addition, the region of Vojvodina is also a key climate for the production of organic vegetables, as this region contains 75.2% of the organic area under vegetables. The regions of Šumadija and Western Serbia accounts for 0.19% of the region's ALU (Table 3). In these regions, organic fruit production is 82% of organic area in the region (Table 4).

The legal framework for producers in the organic sector consists of national and international standards. Organic food development is supported by the International Federation of Organic Agriculture Movements (IFOAM), which has brought the basic standards for organic and sustainable production. The standards are adapted to all forms of food production and harmonized with regional diversity, the organic production system best

conforms to the IFOAM standards. Within these standards, the Food and Agriculture Organization (FAO) and the World Health Organization (WHO) have developed a set of rules and principles for the production, processing and distribution of food, nutritional and microbiological values, residues, labeling, sampling methods and food analysis through a joint commission, Codex Alimentarius Commission. Standards ensure the safety of food consumption, as they define the traceability of production controls and the problems that can lead to changes in taste, color, freshness, etc.

Tabela 4: *Areas under organic production by region and share in total utilized areas*

Region	**Belgrade**		**Vojvodina**		**Šumadija and Western Serbia**		**Southeast Serbia**	
	ha	%	ha	%	ha	%	ha	%
Cereal	2.57	0.06	3,335.5	72.4	86.44	1.88	1,182.8	25.7
Industrial plants	0.00	0.00	2,260.5	77.5	1.66	0.06	656.2	22.5
Vegetable	6.10	3.31	138.52	75.2	27.32	14.83	12.5	6.7
Fodder plants	0.89	0.07	1,269.2	94.1	26.70	1.98	51.9	3.8
Fruit	8.20	0.23	115.64	3.2	1,688.0	47.81	1,719.0	48.7
Herbs	0.00	0.00	9.59	8.5	65.40	58.14	37.5	33.3
Others	19.9	8.80	36.36	16.2	10.45	4.60	160.1	70.6
Total arable land	37.7	0.29	7,165.3	55.4	1,906.2	14.74	3,819.8	29.5
Meadows/ pastures	0.42	0.03	541.18	37.8	56.93	3.98	830.3	58.1
Total area	38.1	0.27	7,706.4	53.6	1,963.0	13.67	4,650.2	32.3

Source: *Directorate for National Reference Laboratories of the Ministry of Agriculture, Forestry and Water Management RS) http://www.dnrl.minpolj.gov.rs/o_nama/organska/organska_proizvodnja_u_srbiji.html)*

A prerequisite for establishing a food safety system is the application of rules, requirements, and principles: good manufacturing practices (GMP), good agricultural practices (GAP), good hygiene practices (GHP), good veterinary practice (GVP), good animal feeding practices (GAFP), good production practices (GPP), good distribution practice (GDP), good trading practices (GTP), good farming practice (GFP) and herd health surveillance programme (HHSP).

In the European Union, organic food is regulated by Regulations EC834/07; EC 889/08. Related to the principles and standard of organic production according to Sredojević et al. (2017) European Union Regulation CE 967/2008 establishes the mandatory use of the European logo on the packaging of EU products. The EU Council has adopted a regulation expected from January 1, 2021 that addresses new regulations to ensure high quality of organic products, increase organic production in the EU and avoid contamination with illegal synthetic agents.

Quality of organically produced food

A higher level of public awareness of the importance of food safety and the need to conserve natural resources are leading to increasing demand for organic products, especially in more developed countries. Organic food is a product that, by its basic biochemical characteristics, matches to a given species and variety. Organic fruits and vegetables, as a part of the daily nutrition, have a natural taste, aroma and color characteristic of the species and variety. In addition, the content of dry matter (by about 25%) and individual nutritional components is higher. Thus, it is possible in the system of organic production of lettuce and other vegetables to increase the content of vitamin C (about 28%), which is very important for maintaining the body's immune system and a good antioxidant. In addition, flavors increase as well as yields, e.g. salads by 17.7% (Tošić et al., 2016). There is about 90% less nitrates very harmful to humans and especially to children, in organic production due to altered plant nutrition and controlled intake of nitrogenous substances in vegetables. Nitrate accumulation in plants depends on a plant genotype, environmental conditions and agricultural practices. Plants contain more natural biotoxins, such as solanine in potatoes and tomatin in tomatoes, which increases their resistance to disease and pests. Bean is one of the basic vegetable cultures used in the human diet, which, in addition to nutritional values, is a rich source of vegetable proteins, carbohydrates, fibers and minerals (Fe, Ca, Sn, Mo). Due to its nutritional value, bean is one of the richest sources of plant proteins, which are often only source of proteins to poor people in a diet. The protein content, depending on the genotype, is about 24%, and the differences between individual genotypes vary from 17 to 32% (Todorović et al., 2008). If the grain yield of the beans increases, the yield of the total protein also increases. According to research (Cvijanović et al., 2016) in the organic bean production using *Trichoderma atroviride* microbiological preparation, grain yield of different bean genotypes was increased from 11.11% to 20.37%, which was statistically significant.

The protein content of organic beans in organic production where organic fertilizers and effective microorganisms have been applied can be increased up to 8% depending on the genotype and weather conditions, as well as the grain yield itself. The presence of medicinal herbs in healing and cooking is high, and measures for increasing the green mass of plants and various oils are very important. In organic basil production, according to Filipović et al. (2016), the content and yield of essential oils increased from 16.84% to 21.8% depending on climatic conditions. In the human diet, products derived from primary agricultural production (wheat, corn, soybeans) are used in a large degree. Organic production of these plant species showed a significant increase in nutritional elements. Soy is the absolutely dominant protein plant species in our country and in the world, and protein content is one of the priority goals when creating new varieties. Soy proteins are rich in essential amino acids, similar in composition to proteins of animal origin, which gives them high biological value.

Likewise, bioactive peptides derived from food proteins are safer and healthier than synthetic ones. These bioactive peptides besides their nutritional values might have pharmacological activities (antioxidant, antitumoral, antithrombic, antihypertensitive or antimicrobial activities) (Jovanović et al., 2016; Knežević-Jugović et al., 2012).

In organic soybean production using treatments with different groups of microorganisms, the increase in grain protein content can be 1.63% - 1.71% and under conditions of significant climate change (Cvijanović & Dozet, 2018). According to Đukić et al. (2018), by introducing organic production methods, such as plowing of harvest residues, found an increase in soybean grain yield that varied from 7.03% to 15.94% depending on the precipitation schedule. An increase in grain yield is positively correlated with an increase in grain protein yield. In the production of maize as a plant species that is significantly represented in the food chain, the protein content of organic production can be increased up to 9.22%, which is very important, since the protein content of corn grain ranges from 6 to 12% (Cvijanović et al., 2008) (p. 32). In terms of human nutrition, wheat production as bread grain is very important. In addition to bread, people also use a large number of flour products, such as wheat grits, pasta, various biscuits, etc., and the chemical composition of wheat grains is very important. The chemical composition of wheat flour depends on the chemical composition of the grain and the type of flour, while the chemical composition of the grain depends on the type and variety of wheat, climate, and method of production. The protein content of wheat grains varies

considerably, ranging from 8 to 15%. According to Cvijanović et al. (2008), protein content of the Pobeda variety produced in sustainable production systems was increased by 6.43%. Nutritionists are increasingly introducing certain types of cereals into human nutrition as an integral product, mixing it with wheat flour 50:50 (such as triticale). The group of alternative cereals includes cereals of the genus *Triticum* such as *Triticum turgidum spp durum, Triticum aestivum spp. spelta, Triticup aesativum spp compaktum*. These types of cereals have a good chemical composition, consisting of essential amino acids, starch, sugars, cellulose, fats, vitamins and minerals. Flour of alternative cereals in the healthy diet system has a significant place on its own or as a flour improver for soft wheat. Under organic farming conditions, wheat varieties intended exclusively for the production of hard tea pastries (*Tr. aestivum ssp. compactum*) can be successfully grown, as well as the *Triticum spelta* variety, which has good characteristics for making special breads that are much faster to digest than ordinary wheat bread. According to research (Roljević Nikolić et al., 2018), by applying different types of organic fertilizers under different climatic conditions, the grain yield of the *Triticum spelta* can increase by 4.58% over the original cereals of *Triticum vulgare* (p. 13307).

International standards and certifications of importance for food safety

Organic (BIO) Certificate - Farms and food producers that have a BIO certificate have strictly controlled production of more biologically valuable food. The biological value of food is determined by the cultivation method itself, the choice of species and varieties or breeds, as well as the growth and development in conditions close to the natural environment. In order to obtain an organic certificate, control by the selected certification company is required, as well as a number of measures that are applied during production. In the organic food manipulation chain, company certification is required. The focus is on the ingredients that affect the end product and the handling conditions of those products. A transport company wishing to introduce an organic certificate should have detailed documentation on vehicles, warehouses, containers, etc., and restaurants should also be licensed by inspection and organic certificate suppliers (Razvojna agencija Srbije, 2020). The country that has made the most progress in promoting and development of organic production is Denmark, where 25% of the total agricultural production is BIO certified. The following Serbian companies have organic certification: Midi Organic, Zadrugar, Beli Stonovi, Sirogojno, Suncokret, Albox, Foodland, Fungo

Jug, DMV and others (Razvojna agencija Srbije, 2020). In addition to the nutritional value of food from organic production, it is necessary to introduce a set of standards that define food safety in addition to food quality into the system of production, processing and manipulation of food in catering establishments. The most important international standards and integrated quality systems that are applied in the agriculture of the Republic of Serbia, important for the export of agricultural products are: ISO 9000: standards of quality management systems. This standard defines inputs and outputs in production. However, the standard does not guarantee the quality of the product. Still its implementation indicates the possibility of a quality production process from which the quality of the product should originate (https://www.iso.org/obp/ui/#iso:std:iso:9000:ed-4:v1:en). Within the ISO standard, ISO/IEC 17067: 2012 concerning the certification of products in the organic sector has a special place. This International Standard applies to those organizations that undertake the certification of product, production, process and service. GLOBAL GAP: standard of good agricultural practice HALAL: food production and processing system; Kosher: food production and preparation system; GOST-R: standard for food products; HACCP: risk analysis system and process control at critical control points; Organic (BIO) certificate: organic production and product certification; PGI/PDO: certificate of protection of geographical origin, name and sign (Jovanović et al., 2014).

HACCP standard- According to the definition given by Codex Alimentarius, HACCP is a system for identifying, evaluating, and controlling food safety hazards. HACCP is a management system in which food safety is considered through the analysis and control of biological, chemical and physical hazards from input raw materials, handling, production, distribution and consumption of the end product. This system is applicable in practice if program gaps (GAP, GHP) are met. The HACCP system consists of two basic components: HA and CCP. HA is a risk analysis, that is, the identification of hazards at each stage of food production and the assessment of their harmfulness to human health. CCP (critical control points) are production procedures that can prevent or eliminate food safety risks or reduce their impact to an acceptable level. They are easy to control. Hazard - hazard to health at a certain point in the food production process, analysis - hazard analysis of possible contamination of the product at each point of the food production process, critical - determination of a critical point in the process of product health safety, control - control of the critical point of the process, point - points of the process of food production (Wareing, 2010). In the EU and World

Trade Organization markets, the HACCP system has become mandatory (Council Directive 93/43 / EEC 1 January 2006). Integration of food quality and safety standards into the overall quality control system in companies has become a requirement for doing business with partners in the international market. The legislation of almost all developed countries obliges food producers in those countries to implement HACCP. Because of this, this concept of safe food has become mandatory in the Serbian market. In addition to the production, processing, packaging, storage and sale of food, the program of mandatory implementation of the HACCP system includes hotels and ready to eat food restaurants. It should also be emphasized that HACCP does not refer (directly) to the quality of a product but only to its health safety (Dumitrascu & Lepadatescu, 2016).

HACCP in Horeca - In addition to the food industry and organizations that prepare, serve and consume food, they are in the program of mandatory implementation of the HACCP system. The hospitality industry is specific in terms of providing healthy food. In the dynamics of the product finalization process, a high frequency of health risks is expressed. Specifically, there are a large number of products and processes that are performed in the preparation of food and in which the food comes into contact with various equipment and surfaces, emphasizing the constant presence of employees who manipulate the food (Savović & Ćurčić, 2008). Successful and permanent implementation of the HACCP system depends on the education, skills and ongoing motivation of the food handling staff (Springer, 2003).

Prerequisites for successful operation of the HACCP hospitality system

HACCP only implements successfully with the implementation of prerequisite programs. It is a common name used to describe all activities that are implemented in addition to those defined through the HACCP plan that affect food health. Prerequisite programs or abbreviated PRP (pre-requisite practices) represent general activities that affect the health of food: Good hygiene practices - GHP, Good manufacturing practices-GMP, pest control, cleaning, as well as training of people (Wareing, 2010).

Good Hygiene Practice - GHP provides general information that includes rules of conduct for employees, wearing protective equipment, wearing special clothing, hair protection, prohibiting the use of cosmetics, the

suitability of smoking and eating areas, washing and disinfection procedures (Peran i Sala, 2015).

Good Manufacturing Practice - GMP Minimum requirements for process control and sanitation in food production. Includes convenient equipment and equipment material, location and design of building, pest control, production location, process logistics (Rubenstein, 2018).

Standard Operating Procedures - SOP Defines who should do something, why it is done, what exactly should be done and how it is done. Frequency of performing the above operations, limit of acceptability and corrective action are also determined if the results are not satisfactory.

Standard Sanitation Operating Procedures (SSOP) Procedures that determine the manner and steps of sanitation given the possibility of direct contamination of the products during production. It also includes pre-operational sanitation (cleaning of equipment, accessories and surfaces before production begins) and operational sanitation (cleaning of equipment during production, employee hygiene, manipulation of raw materials, semi-finished products and finished products (Araujo et al., 2019).

These programs reduce basic potential production risks and ensure that they do not affect product safety. The implementation of these programs formes the basis for the implementation of the HACCP system in the hospitality industry. In the hospitality industry, where it is necessary to make a large number of different meals in a short period of time, it is clear that a great deal of engagement and awareness of employees is required to handle food so as not to serve foods that can have a detrimental effect on human health (Wareing, 2010).

Tourism development impact

Organic production provides an opportunity to develop a value-added tourism food offering (agrotourism). In addition, there is a demand for organically produced and traditionally processed, which can significantly affect the development of organic production. Regional food tourism can play a role in revitalizing rural communities. Regional food brand and identity can be developed at distinct geographic regions. Through cultural and historical tours and events a regional brand identity can be build by emphasizing distinct food identity and marketing uniqueness (Lee & Arcodia, 2011). There are different ways to do this, such as food trails and festivals destination branding agritourism and other agricultural events like farm tours and the branding of farmers' markets (Silkes, 2012). Many

consumers are interested in consuming local products when they are travelling, and yet, business owners engage and understand the sustainability concept to varying degrees (Hjalager & Johansen, 2013). Trying something new, escape and fun, leisure activity, to engage environmental issues, to interact with local producers and to have a pleasant social experience in a positive environment are reasons why consumers attend food festivals. Consumers in these festival contexts participate in more than just a consumption practice. They also partake in a diverse emotional and sensory experience that is tied to a geographic place. Food festivals can help develop and improve regional branding opportunities. Farmers' markets could be said to fit within the research on culinary tourism since from a marketing perspective this food event encourages local food consumption, sparks consumer engagement with regional food identities and commoditizes a sense of place (Garner & Ayala, 2019).

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FOREST DEVASTATION AND ILLEGAL LOGGING – IMPEDIMENT TO DEVELOPMENT OF TOURISM

Neđo Danilović[1]; Dragana Lazić[2]

Abstract

The paper focuses on forest devastation and illegal logging, as well as their detriments to tourism development, especially in terms of their incidence on the territory of the Republic of Serbia between 2009 and 2018. Two research issues that the paper deals with are: terminology distinction between deforestation and timber theft, and the analysis of ten-year occurrence of the criminal offences of forest devastation and illegal logging in the territory of the Republic of Serbia, as well as their impact on the development of the mountain and other types of tourism in Serbia. The purpose of the research conducted in this paper is to confirm the hypothesis that forest devastation and timber theft not only impair the ecosystem, but also significantly deter the development of tourism. There are two main findings in the paper: forest devastation and illegal logging affect the ecosystem, especially the flora, fauna, public health and the environment; the incidence of criminal offences of forest devastation and illegal logging affect the tourism and require wider engagement of all institutions and associations, as well as more stringent punitive measures for such offences.

Key Words: *devastation, theft, forest, criminal offences, tourism*
JEL classification: *K14*

Introduction

Forests are common goods that in addition to their economic functions also have an important role in maintaining quality environment. Their regular cultivation and restoration contribute to the maintenance of steady natural

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balance in the environment that enables all living beings to have a normal functioning.
Forests cover one third of the Earth's land surface. They provide habitat for at least 80% of plants, animals and insects. They are one of the main means to combat climate changes since they balance the air content by capturing carbon dioxide resulting from human activities and then converting it into oxygen.

The study conducted by the World Health Organization in July 2014 demonstrated that trees save 6.8 bn US dollars in the health care expenses per year solely in the USA. It has been scientifically confirmed that eliminating the air pollutant through leaves led to the prevention of 850 deaths and 670,000 cases of acute respiratory symptoms in 2010 (World Health Organization, 2019). For the sake of humankind preservation, such and alike scientific research should be institutionalized on global, regional and national level, and continuously conducted with clear recommendations as to the numbers and sorts of trees to be planted in certain parts of the world.

The Centre for Global Development (CGD) in Washington, by means of satellite data of more than 100 countries, estimated that 289 million hectares of forests worldwide will have been felled by 2050. If such devastated and barren areas are not systematically forested with new trees, the Earth's ecosystem will be put at risk, and the impact on people's health and wildlife will be immeasurable.

The fact that the forests and trees, as well as the rest of the wildlife living inside are invaluable is clear based on several facts presented in this paper's introduction. However, the purpose of this article is not only to provide with data, but, by means of a sample of representative evidence, to scientifically indicate the value of forests for the ecosystem and sustainability of humankind and its wildlife on one hand, and to warn the scientific, professional and wider community of the threat of uncontrollable legal and illegal logging, cutting and devastation that has a detrimental effect on the entire ecosystem, on the other.

Global forest devastation affects regional and local levels as well. Similar circumstances can be seen in the Republic of Serbia. According to the data from the Programme of the European Union regarding the prototype project of compiling, coordinating and ensuring the consistency of information on the state of the environment and the natural resources in the EU (*CLC* -

Corine Land Cover)[3], the area of the Republic of Serbia under forests is 2,880,000 ha which accounts for around 32%.

The area of Central Serbia under forests is 2,200,000 ha or around 39% of its territory. Vojvodina has around 151,000 ha of forested land, which accounts for around 7% of its territory. Area under forests in Kosovo and Metohija is about 531,000 ha, which accounts for around 48% of its territory. The most common type of forests in the Republic of Serbia is a hardwood forest covering 2,068,418 ha, then a mixed forest covering 116,118 ha, and finally a softwood forest covering 81,797 ha.

According to the data of the national database (CLC), "the overall forested area in Serbia is 2,360,400 ha, which makes for the woodenness of 26.7%, which is slightly below the average woodenness in Europe. The state-owned land under forests, managed by public enterprises is 1,375,553 ha, which makes for 51.4% of the area under forests and forestland in Serbia. The remaining forest areas are managed by private owners, other public enterprises and national parks. When it comes to the overall forest fund, the broadleaved tress account for 90.7 %, conifer trees account for 6 %, and mixed forests of broadleaved trees ad conifers for 3.3%." (Nonić et al., 2017, p.11-12). Epistemologically, these facts are deemed as alarming, and as catastrophic and unacceptable from the social point of view.

Based on the above statistical data, it is more than obvious that the status of forests in Serbia is unsatisfactory. It is featured by the following: "insufficient production inventory, unfavourable age structure, unsatisfactory coverage and woodenness, unfavourable stand of trees – high percentage of discontinued stands and weed growth, unsatisfactory health of forests" (Nonić et al., 2017, p.11-12), etc. If this is supplemented by uncontrolled cutting, timber theft and forest devastation resulting from harsh economic circumstances and the increased need for the products and services from forests, as well as institutional inefficiency in adapting to global and regional changes in this sector, then we can take a broader look at the alarming state in this sector and understand the need for urgent long-term, mid-term and short-term measures to improve the existing conditions.

[3] The EU Programme on 'prototype project of compiling, coordinating and ensuring the consistency of information on the state of the environment and the natural resources in the community'

Definition of forests

In compliance with the positive regulations of the Republic of Serbia (The Law on Forests, 2018), *a forest* means an area covered with forest trees of at least 5 acres, with the minimum ground coverage with crowns of trees accounting for 30%. A forest also means all young natural and planted stands, as well as temporarily uncovered areas due to human actions or natural reasons that are intended for natural reforestation or forest plantation. In addition, *a forest* implies forest nurseries, complex forests and seed plantations that serve as protection areas under trees, covering more than 5 acres.

Parks in inhabited places, trees under or along the power transmission lines, notwithstanding the area they cover, are considered as forests.

Special-purpose forests are protection forests, forest for conservation and utilization of gene pool of forest trees species, forests for conservation of gene biodiversity, species, ecosystems and regions, forests of significant aesthetic value, forests relevant for people's health and recreation, forests relevant for education, forests of scientific and research activities, forests of cultural and historic relevance, forests for the country's defence, forests of specific needs for state authorities, forests of other specific purposes.

The term *clear cutting* is a harvesting and regeneration method that removes all trees from a given area while the term *devastation* of forests is an illegal activity that reduces the fertility of forest land (yield strength), thereby endangering or hindering the sustainability of forest production or growth on that land, or endangering the survival of forests and their common-use function (i.e. harvesting on a larger scale that is very close to clear cutting or deforestation; or excessive or high-intensity logging, bark stripping, and any other action that may cause weed growth and soil erosion by wind or water).

Forests have a public benefit function. Such public benefit functions are general protection and improvement of the environment thanks to forest ecosystem, conservation of biodiversity, conservation of forest tree and other types of tree gene fund in the forest community, reduction of the harmful effect of greenhouse gas emissions by capturing carbon dioxide and releasing oxygen and biomass, purification of polluted air, maintenance of water balance and prevention of torrents and floods, water purification, supply and protection of ground waters and water sources,

protection of soil, settlements and infrastructure from erosion and landslides, contribution to people's health, favourable effect on the climate and agriculture, aesthetic function, provision of areas for rest and recreation, development of hunting, rural and ecological tourism, noise protection and support in country defence and development of local communities.

In addition to the above mentioned, and for the purpose of further understanding this paper, it has to be underlined that there are five areas in total in the Republic of Serbia with the status of *a national park* given as follows: National Park Fruška gora, National Park Đerdap, National Park Tara, National Park Kopaonik and National Park Šar planina (The Law on National Parks, 2018).

Significance of forests and their impact on tourism

Based on the National Tourism Development Strategy for the period 2006 – 2015, it can be inferred that the overall contribution of tourism to GDP in the Republic of Serbia in 2015 accounted for 6.4%, that the tourism directly contributed to GDP by 2.2%, that the tourism and hospitality services accounted for 30,000 of the newly employed, that there are around 157,000 newly employed individuals in tourism and associated practices, that 'the invisible export' accounts for around 7.3% of the overall export in the Republic of Serbia, and finally, that all investments into the tourism in 2019 accounted for 4.1% of the overall investments in the Republic of Serbia. The Ministry responsible for tourism in the Republic of Serbia adopted a number of legal acts and took a number of activities in order to improve this sector, which is visible in the results that are getting better year after year (Danilović & Lazić, 2019). This is also supported by the preparation of the new Tourism Development Strategy for the period 2016-2025 for the Republic of Serbia. It is estimated that tourism accounts for more than 9% of the overall gross domestic product worldwide, and that every eleventh employee is actually employed in tourism-related industries. The advantages of developing this branch of industry are in developing new workplaces and positively affecting the development of economic policies (Danilović & Lazić, 2018).

Unfortunately, the number of those who take the natural wealth for granted and do not notice their contribution to tourism altogether is still high. How important are forests to us? Trees as a source of energy are a necessity. There are a lot of trees species worldwide whose redemption, as the only

way to be restored, requires hundreds of years. This is why we need to pose a question if clear cutting is necessary. Recently, there has been an increase in deforested areas for several reasons, with the paper production and provision of construction material as the primary one. Another reason would be provision of land for construction of new residential blocs and hospitality facilities, or the extension of the existing ones. This means that the economy takes over the nature and wildlife.

However, whatever report on tourism we analyse, we can notice that Zlatibor, Kopaonik and Tara are among the most frequented destinations in Serbia. These are closely followed by other mountains in Serbia, and spa and rural tourism as well. This results from the fact that city dwellers want to escape busy city life and go somewhere where they can enjoy clear air, greenery, long walks, doing sport in nature, but also to get away from noise. All of this can be found in forests and among the trees inside. National parks are usually not the leading tourist attraction of a country. However, in countries where eco-tourism is not merely a marginal activity serving to finance the environmental protection, but the key strategy in the national economy, national parks can become a tourist attraction and an appealing destination. We can take Tanzania as an example as it has a multitude of national parks and is a very popular destination among nature lovers.

Forests are a natural resource of capital that provides for but also requires sustainable development, ensuring new green workplaces, and creating and launching innovative tourism products and services, especially in well-being tourism[4] (Konu, 2015). Bearing in mind the significance of forests as a natural source of capital, it is necessary to have a continuous study of the impact of forests on humans from a natural, biomedical, social and humanistic, as well as technical and technology points of view. Regardless of the fact that forests have a therapeutic effect and stand for a natural pharmacy offering abundance of food stuff, it is obvious that there is insufficient number of scientific research that would serve to create useful production programmes (Nilsson et al., 2011, p.8). In order to improve forest touristic products, it is necessary to organize interdisciplinary research of their development and make a connection between the findings in various scientific areas, disciplines and professions. With such offer, which could be labelled as forest tourist offer, any tourist destination rich

[4] Well-being tourism is a free activity of tourists who, for their personal satisfaction, health and spiritual practice, personal well-being and welfare choose to travel to destinations that provide for a wide range of such services.

in forests can gain a significant competitive advantage. As a result of all the above, it would be justified to consider all realistic requirements of well-being tourism development. The term of well-being tourism stemmed from the concept of wellness and comprises physical and mental well-being. This area of tourism that has been developing since the 1990s, is focused on the increase and advance in the consumers' welfare. Well-being tourism is a branch of health tourism although there are authors who do not differentiate between the concepts of well-being and wellness tourism (Cvikl, 2016).

Devastation of forests as criminal offence

Forest devastation as a criminal offence is stipulated by Article 274 of the Penal Code of the Republic of Serbia in the section referring to the environmental protection. According to this code, forest devastation is any act that is not in compliance with the regulations or orders of competent authorities, and which entails the instances of clear cutting, deforestation, tree damage, or any other devastation of trees, felling of one or more than one trees in a park, tree line, or another location where logging is strictly forbidden. The law prescribes either fines or imprisonment up to one year as coercive weapon in case of any of the above offences.

This criminal offence can have more severe consequences and, as a result, severe sanctions. Accordingly, positive criminal regulations stipulate that any forest devastation in protected forests, national park or any other special purpose forest will be penalized by three months to three years of imprisonment.

The act of this criminal offence entails deforestation or clear cutting on one hand, or any kind of damage or devastation of trees on the other. Such activities exclude any actions approved by the state and taken for the benefit of forest community. The notion of clear cutting or forest degradation entails well-known and easily comprehensible actions. However, a dilemma rises in case of devastation of forests which basically entails any action that endangers the survival of forests and their beneficial functions such as bark stripping, destruction of tree groves, cutting of rare groves and so on (Stojanović, 2019).

The criminal offence of illegal logging exists in cases when a single or more trees are felled in parks, lines of trees or any other places where this is forbidden. The analysis of the above shows that it is not necessary that a

tree is felled, destroyed or damaged in similar ways in a forest, but other areas as well. Indeed, an aggravated form of such offence exists when committed in a protected forest, national park or any other special purpose forest. In terms of culpability, it is necessary to confirm each perpetrator's premeditation and awareness that this is the case of a protected forest, national park or a special purpose forest.

Illegal logging as criminal offence

Chapter 24, Article 275 of the Criminal Code of the Republic of Serbia, as part of criminal offences regarding the environmental protection, defines timber theft as a criminal offence. The Code defines the perpetrators of theft as whoever fells one or more trees in a forest, park or avenue of trees and the quantity of timber exceeds one cubic metre. In case of such criminal offence, the offenders can be punished by a fine or imprisonment up to one year (Criminal Code, 2019).

More serious form of the above offence is a timber theft with the intent to sell the felled trees, or if the quantity of the felled trees exceeds five cubic meters, or if the offence is committed in a national park, protected forest or other forest intended for special purpose. Punishment for such offences can be a fine or imprisonment up to three years.

In the light of the importance of these criminal offences, both in terms of the environmental protection and human survival on the Earth, the legislator assumed punishment even in case of the attempt of these offences. Thus, it is not necessary to commit the entire offence in order to be found guilty and to be appropriately sanctioned.

Opinions in legal references are divided on the issue of these offences, and thus pose a question as to why these thefts are different from all the other types of theft, and singled out as a separate criminal offence. This means that all other types of theft make another group of criminal offences and are given under to a single concept, while this type of theft has a special place in the Code and professional references. For instance, if an individual appropriates any trees in a forest that had already been felled, this would be deemed as a common theft, but not as a criminal offence of illegal logging. The instance of the above criminal offence entails the instance of felling one or more trees for the purpose of theft. Felling entails tree cutting, i.e. its separation from the root. In addition, felling also entails the removal of trees together with the root. Therefore, the legislator decided to take a

wider, that is, more extensive approach to considering such a criminal offence.

In order for the criminal offence to exist, the quantity of felled trees has to exceed one cubic meter, and there has to be an intention to, by doing so, ensure illegal proceeds (Stojanović & Delić, 2013). Such criminal offence exists even if the perpetrator did not have the intention to sell the trees, but to use them to produce items intended for selling. Such criminal offence will be deemed as an aggravated case if the quantity of felled trees exceeds five cubic meters or in case of a smaller quantity (less than one cubic metre) but if this occurs in the area of a protected forest, national park or any other special purpose forest (e.g. in a mine area on tailings). Whatever the case, it should include a perpetrator's premeditation. This means that the offender has to be aware either of the quantity of felled trees, or the area where it occurs, or to have the intention to obtain proceeds by committing such acts.

This poses a question how to react in cases when the quantity of felled trees is less than one cubic metre, and if this should be punishable. The answer is yes, but with a slight difference. If the quantity of felled trees is less than one cubic metre, than this will not be considered as a crime, but as a misdemeanour (The Law on Forests, 2018) in case of which the punishment is a fine between 10,000 and 100,000 dinars.

Besides the statutory criminal sanctions, either as fines or as imprisonment, there is also an issue if the felled trees are to be impounded from the offender on the basis of precautionary measure of seizing the items, or on the basis of impounding unlawful proceeds. This dilemma was resolved by the Supreme Court of Cassation of the Republic of Serbia in the decision to protect the lawfulness Kzz. 16/04 when it took a stance that this is the case of impounding the proceeds resulting from a criminal offence.

Research findings on criminal offences of forest devastation and timber thefts in Republic of Serbia between 2009-2018

Bearing in mid the main subject of this paper, it is now necessary to point out that tourism development in the Republic of Serbia and worldwide is significantly hindered by forest devastation and timber thefts that are generally in legislation treated as a special group of criminal offences.

The biggest problem underlying any types of crime is the fact that is usually followed by either 'dark statistics' or a 'negative correlation' in a number of reported, accused or convicted persons. If crime is followed by a 'dark statistics', it means that these criminal offences are difficult to reveal and prove, which directly points at the incapacity of state authorities to reveal and prove certain criminal offences including forest devastation and timber theft. Hence, this statistics is usually invisible. The negative correlation, on the other hand, is visible, and represents the number of acquitted individuals that were found not guilty and subject to injustice and harm by being accused or convicted, or even imprisoned. In addition, the negative correlation also refers to the release of reported or accused individuals when their criminal liability has not been proven so that the competent court arrived at the verdict of acquittal. Follow-up effect of the negative correlation between the reported, accused and convicted persons for the instances of forest devastation and timber theft mean loss of credibility of judicial authorities, increase in public spending due to reimbursement of persons subject to injustice and wrongdoing. This in particular is the reason to pay due attention in this paper to the establishment of this negative correlation between the reported, accused and convicted persons for the instances of forest devastation and timber thefts in the Republic of Serbia in ten-year period between 2009 and 2018.

In the course of epistemological analysis of the negative correlation between the reported, accused and convicted persons for the instances of forest devastation and timber thefts in the Republic of Serbia, we systematized the official data from the Statistical Office of the Republic of Serbia in order to confirm or revoke the initial hypothesis that in the ten-year observed period such negative correlation actually exists, which is, for the purpose of better understanding, illustrated both in tables and charts below.

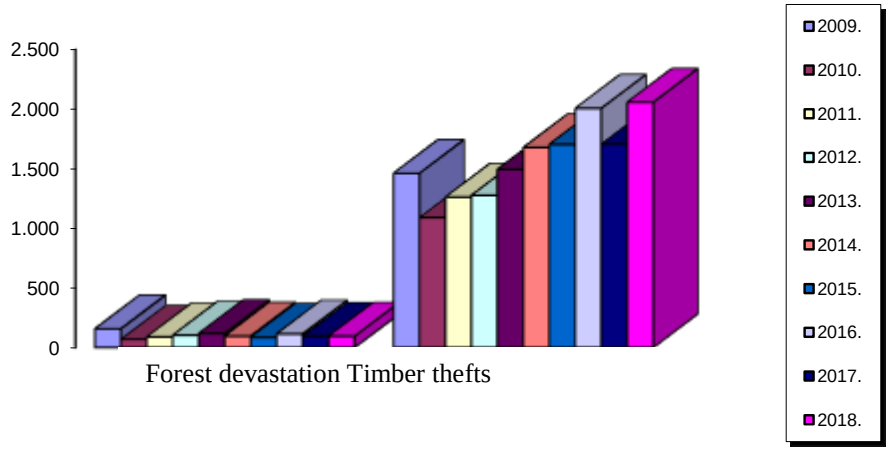
Table 1: *Number of reported persons of age for criminal offences of forest devastation and forest thefts in the Republic of Serbia 2009 – 2018.*

Year	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Forest devastation	157	69	89	103	118	96	85	114	93	95
Total:	**1,019**									
Timber thefts	1.462	1.090	1.262	1.276	1.494	1.678	1.704	2.007	1.707	2.058
Total:	**15,738**									

Source: *Authors*

By means of quantitative analysis method of the content of Table 1 on the number of reported persons of age for criminal offences of forest devastation and timber thefts in the Republic of Serbia 2009 – 2018, it can be inferred that this number in the ten-year period fluctuated with a slight upward trend.

Chart 1: *Number of reported persons of age for criminal offences of forest devastation and forest thefts in the Republic of Serbia 2009-2018.*



Source: *Authors*

Based on the data in Table 1 and Chart 1, it is noticeable that in the period between 2009 and 2018 in the Republic of Serbia there was a higher frequency in committing timber thefts than in case of forest devastation, which was expected. In the observed period, in terms of yearly average, the criminal offence of forest devastation was reported 102 times, while the criminal offence of timber theft was reported 1,574 times. This means that timber thefts were reported 16 times more often than forest devastation, which was an expected result. The highest number of reported persons of age for the criminal offence of forest devastation was in the first year in the observed period whereas in the following year in the observed ten-year period this number was the lowest. In all the other years in this period, the number of complaints of this criminal offence was near the yearly average with a slight upward trend.

The highest number of timber theft offenders was in the final year of the observed period, which is a devastating result in terms of proclaimed Government policy on taking comprehensive measures to combat crime in general. On the other hand, we can state with certainty that the Republic of

Serbia is working on a daily basis to improve the standard of living, to upgrade its legislative framework, and to raise the citizens' awareness of the importance of the healthy environment. Although numerous measures aiming at the prevention of environmental pollution have already been taken (e.g. the use of non-biodegradable plastic bags was limited and banned), the people's awareness of the importance and value of natural resources is not on a high level. Similar phenomenon appeared in 2016 when there was a significantly higher number of individuals was reported for this criminal offence than in the other observed years. There was also an annual upward trend in the number of the reported offenders. This, naturally, leads to a question – Why? The answer directs at only two possibilities. It either means that the state authorities have become more efficient and, thus, have better results in discovering criminal offences and, consequently, more frequently report the offenders, or the awareness of people of the importance of forests is at a very low level, and, hence, they unreasonably destroy this natural resource having only their own interest in mind. The lesson learned in the observed ten-year period is than only one portion of such unlawful conduct is discovered and reported. The analysis that follows will show which of these two options is more possible.

Table 2: *Number of the accused persons of age for forest devastation and timber thefts in the Republic of Serbia 2009-2018*

Year	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Forest devastation	77	38	36	49	29	62	46	37	31	29
Total:	**434**									
Timber theft	787	766	417	421	853	721	631	511	517	473
Total:	**6,097**									

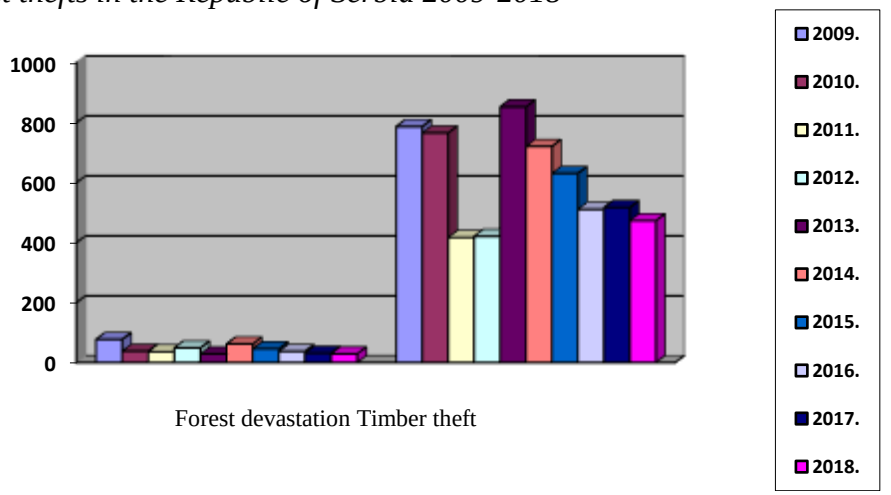
Source: *Authors*

In comparison with the total number of the reported persons for the criminal offence of forest devastation of 1,019 and the number of the reported persons for the criminal offence of timber thefts of 15,738 in the period between 2009 and 2018, the number of the accused persons of age for committing the act of forest devastation in the same period was 434 or 42%, and for committing the act of timber theft was 6,097 or 39%, which can be seen in Table 2.

The highest number of the accused for forest devastation was in the years of 2009 and 2014, while in case of timber thefts in the years of 2009, 2013 and 2014. In other years, this number was close to the annual average number of the accused persons, with the perceived downward trend in the

number of the accused compared to the number of the reported, which is not correlated with the established policies in the strategic documents on crime combating and deterrence.

Chart 2: *Number of the accused persons of age for forest devastation and forest thefts in the Republic of Serbia 2009-2018*



Source: *Authors*

In order to get a wider perspective and make impartial conclusions, it is necessary to look at the final stage of the criminal proceedings, i.e. the condemnatory judgements for the observed criminal offences.

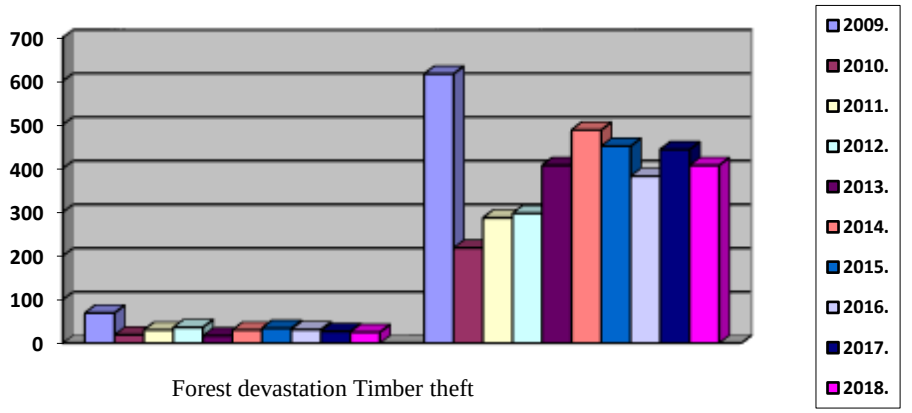
Table 3: *Number of convicted persons of age for forest devastation and forest thefts 2009-2018 in the Republic of Serbia*

Year	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Forest devastation	69	19	30	36	17	30	34	31	27	25
Total:	**318**									
Timber thefts	616	218	287	297	407	488	451	382	443	407
Total:	**3,996**									

Source: *Authors*

In comparison with the total number of 434 accused persons of age for forest devastation in the observed period (2008–2019), in 318 or 73% cases there was a legally binding conviction. The statistics is much worse in case of timber thefts, where, in the same period, only 3,996 out of 6,097 or 65.54% of the accused persons of age had a legally binding conviction of the competent courts (Table 3).

Chart 3: *Number of convicted persons of age for forest devastation and forest thefts 2009-2018 in the Republic of Serbia*



Source: *Authors*

Further epistemological analysis indicates that the competent courts in the entire territory of the Republic of Serbia made 32 condemnatory judgements on average for persons of age for the criminal offences of forest devastations per year. At the same time, the courts made 400 condemnatory judgements on average per year for criminal offences of forest thefts. The biggest number of condemnatory judgements for persons of age was made in 2009, and almost half as many in the years of 2010, 2011 and 2012. A lower number of convictions was made during political changes in the Republic of Serbia, which has been perceived by other researches as a regular pattern that should be considered by the administrative sectors in in the judicial system, especially in courts and public prosecution offices.

Conclusion

The purpose of comprehensive research data in this paper was to reach the solutions to two key issues associated with the importance of forests in terms of the preservation of ecosystem, and related hazards arising from the adverse effect of devastation and destruction of forests on the environment, tourism, and the health of people on the Earth in general.

One of the relevant findings in this paper is that the Republic of Serbia obtains the appropriate system of categorizing and defining forests, and, thus, that there are no dilemmas in defining the basic terms associated with forests, forest ground, national parks and the understanding thereof. In addition, the regulatory framework covering the entire area of forests, and

which is in connection with forests, with minor exceptions, is in compliance with the regulations of the developed of EU Member States. The biggest issues arise in the consistent exercise of regulations and inefficiency of the judicial system in terms of the implementation the existing regulations. This results in a perceived considerable need for the legislative, executive and judicial branches to coordinate their work on harmonizing and upgrading the normative regulations that treat the issue of forests through the standards accepted by the developed EU Member States.

A special segment of this paper is devoted to the description and scientific explanation of the importance of forests in terms of the entire ecosystem preservation, and the impact of the existing forest devastation and destruction on the environment, public health, and especially tourism and touristic offer in the Republic of Serbia. Although a lot has already been done in this field, there is more than enough to be achieved on national, regional and local level in order to have considerable advances in the existing state of forest management and husbandry. Besides the need for harmonizing normative and legal framework in this area with the standards of the developed countries in Europe and worldwide, there is a need to have a significant improvement in the marketing of mountain tourism, especially when it comes to recreational tourism in parks, forests and mountains. In addition to improving the marketing, educational system and work with children should be utilized to raise the awareness of the importance of preserving parks and forests, radical recovery of forest groves, and quality maintenance and treatment of the existing forests. Strategic, regional and local levels of authorities in Serbia should ensure higher investments into parks and forest infrastructure, offer new innovative contents to attract tourists, develop the system of professional and volunteering monitoring services that would maintain the cleanliness and accessibility to forest area on the entire territory of Serbia.

The Republic of Serbia also has to overcome the challenge of increasing accommodation capacities and improving their quality without harming the greenery and wildlife. It is especially important to work continuously on promoting national parks and their beauty in order to encourage majority of citizens to spend their holidays in Serbia. The prime challenge in further development of mountain, spa, river and rural tourism in the Republic of Serbia, both in summer and winter periods, should be to expand the versatility in quality organic food that our country has in abundance.

A considerable portion of this paper deals with the issue of destroying a crucial part of mountain tourism – by timber theft and devastation. The research findings in the paper confirmed the initial hypothesis on negative correlation and inconsistency between the numbers of reported, accused and convicted citizens of age for criminal offences of forest devastation and timber thefts. Based on the exact results of conducted analysis of the content of documents filed for the past ten years in the judicial authorities of the Republic of Serbia, it has been confirmed that in terms of the criminal offence of forest devastation, on average, 102 citizens of age were reported, the official charges were filed only in 44 cases, and legally binding condemnatory decision was made for 32 persons of age. These exact indicators show that 30% of reported instances of forest devastation are never processed. In respect to timber thefts, this criminal offence was reported 1,574 times per year, with 615 charges and 400 condemnatory judgements. It can be, thus, concluded that the average of 25% of reported cases of timber thefts are never processed, which is a disastrous fact that indicates the inefficiency of the judicial system in the Republic of Serbia.

The circumstances are even more complex in view of the overall analysis of the official sentences for criminal offences of forest devastation and timber thefts. For instance, in the last analysed year (2018), 25 persons of age were officially convicted of the offence of forest devastation, of which, only one person was sentenced to 3 to 6 months of imprisonment, nine persons were fined, and 15 persons had a suspended sentence.

On the other hand, out of 407 persons convicted for the criminal offence of timber heft in 2018, 37 were officially sentenced to imprisonment (majority of them to 3 to 6 months of imprisonment), and 66 were fined between 10,000 and 100,000 dinars. As in case of other criminal offences, this offence also has the highest number of suspended sentences – for 304 individuals.

Such chaotic punitive policy indicates the urge to change and amend legislative measures and to have concrete punitive sanctions. The research findings unambiguously confirmed that it is necessary to change regulations in the field of criminal sanctions, and in case of criminal offences of forest devastation and timber thefts, to have more stringent punishments, and then to harmonize coercive policy of the courts with such changes.

Stringent coercive policy for these criminal offences would contribute to lower number of cases of forest devastation and timber thefts, which would have a positive effect on better forest management and husbandry, as well as tourism development in Serbia.

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AGRARIAN AND TOURIST POTENTIAL OF RURAL AREAS IN SERBIA

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Abstract

Generally, many factors influence, the life and economic status of a population, - but in terms of the impact on the economic status of the rural population in Serbia, the most important influencing factors that can be highlighted are: the tourist potential of rural areas, the number of family holdings in the village, the growth and development of small family businesses, demographic trends in the country, the level of development of infrastructure at the local level and so on. This paper presents the results of analysis which covered the most important determinants of the agrarian and tourist potential of the rural sector. Exploration of this area is very important for a better understanding of the economic status of rural areas and rural population, but whether it could be better, too. Differences are noticed in the level of economic potential of rural areas and the status of the rural population from one region to another because agrarian and tourist resources are different, and the impact of many factors is not the same in every region.

Key Words: *Rural sector, development, tourist potential, demographic trend, infrastructure*
JEL classification: *Z32, K15, Q10*

Introduction

The agrarian and tourist potential of rural areas in the Republic of Serbia certainly holds an important place in terms of the rural areas' economic contribution to the GDP of the Republic of Serbia. If the trend of growth in the contribution of tourism activity to the formation of gross domestic

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product and employment continues, it is expected that in the near future this activity can be claimed as the generator of employment in the Republic of Serbia (Gnjatović & Leković, 2019). Chronologically taken, the level of its exploitation has never been at a high level. Economic reforms after the Second World War did not provide long-term results, and the wars of the nineties had a devastating and destructive impact on the agrarian and tourist potential of our society. Today's economic trends and the European integration processes in the region indicate that significant reforms are needed in the field of agrarian and tourist policies. The paper presents the results gathered on the basis of studies that have focused on creating a clear picture of the state of the rural areas in the field of agrar and tourist potential. The unambiguous indication of the status and potential of agriculture and tourism greatly facilitates the creation of strategies for the future development of rural areas and their greater contribution to the GDP of the Republic of Serbia.

In addition to the use of tabular-diagrammatic and illustrative method, the authors in this paper draw special attention to the mandatory discussion and interpretation of the gathered results, considering the differences that can be noticed between the results gathered by the scientific-theoretical approach and the reality in the field. This certainly contributes to a better interpretation of the presented results and completes the entire contribution of this paper. In addition to the analytical and statistical methods and the methods of synthesis and analysis, the research and in the paper also use the chronological historical and deductive inductive method.

Agricultural holdings in Serbia

Overall agrarian production and every society in general must respect all aforementioned natural properties of the land it possesses, but also find a more rational social organization of land relations. In this light, important property relations over usable land areas and parcel structure of land property should be adapted to technical and technological optimums in land cultivation, which primarily implies the shape, size and number of parcels. Equally important is climate change (Petrović et al., 2019) "which manifests in our country and has a significant impact to crop yield" (p.173). All in all, every society is obliged to organize all agrarian activities and overall social life to be used in the best way, maximally preserve it and, if possible, improve the natural characteristics of the land. These would be the basic principles of land policy which are the foundation of every good agricultural policy and a necessary component of every spatial planning of

socio-economic development. These are all general rules that are considered in rationally organized societies that ensure a systematic sustainable agrarian and rural development for themselves. Serbia cannot allow a different attitude towards its own agrarian land comparing to the rules that are impose by the members of the EU, even if the European Union does not insist on it.

Although often neglected, agriculture represents the central part of development, the foundation that not only satisfies the need for food, but also provides the basis for industrial development and economic growth. It represents a significant factor of rural employment, important feature of economic growth (Jovović et al., 2014). The significance that agricultural holdings have is not in accordance with their structural developmental potentials, and those potentials, as they are, are not used enough, wisely or rationally. One of the main indicators of social and economic value of each agricultural holding is the size of its land property (Mitrović, 2015).

Table 1: *Ownership structure of family holdings in Serbia, 2012.*

Size of the land property	**% holdings**		**% areas**	
	2002.	**2012.**	**2002.**	**2012.**
Up to 2 ha	42,8	47,2	41,5	34,4
1-3	30,3	22,4	21,9	24,8
3-5	12,1	12,8	10,6	14,7
5-8	10,1	10,2	10,6	12,8
8-10	4,1	3,8	11,8	10,6
More than 10 ha	2,6	3,6	3,6	2,7
Total	100,0	100,0	100,0	100,0

Source: *Ševarlić, M. (2015). Agricultural land - Census of Agriculture 2012, Statistical Office of the Republic of Serbia, Belgrade.*

Given that structural surveys are conducted in the form of a census every 10 years, Table 1 and Table 2 present the state of agricultural holdings in Serbia from 2012 (the next census is expected in 2022). The current structure of agricultural holdings is clearly shown in Table No. 1. The total number of agricultural holdings in Serbia has not significantly changed, but there was a further division of land property and changing its purpose. Average size of peasant land property in Serbia is 2.01 hectares, with an average of 5.3 parcels (Mitrović, 2015). In general, it is very poor agrarian-parcel structure, although its ultimate effects must always be viewed within the context of other natural and economic conditions, such as primarily geographical region, technical equipment, type of production and the rest.

Table 2: *Number and economic size of agricultural holdings in the Republic of Serbia by regions, 2012, (excluding the Kosovo and Metohija regions)*

	The Republic of Serbia	**Belgrade Region**	**Vojvodina Region**	**Šumadija and Western Serbia Region**	**Southern and Eastern Serbia region**
Family agricultural holdings					
Number	628552	33117	146269	261935	187231
Economic size in Euros	3136526046	145344061	1309594621	1079712999	601874365
Average economic size in Euros	4990	4389	8953	4122	3215
Legal entities and entrepreneurs					
Number	3000	127	1355	1005	513
Economic size in Euros	614264849	55375077	466664135	53197084	39028553
Average economic size in Euros	204755	436024	344402	52932	76079
Agricultural holdings, total					
Total	631552	33244	147624	262940	187744
Economic size in Euros	3750790895	200719138	1776258757	1132910083	640902918
Average economic size in Euros	5939	6038	12032	4309	3414

Source: *Cvijanović, D., Subić, J., Paraušić, V. (2014). Agricultural holdings by economic size and production type in the Republic of Serbia, Census of Agriculture 2012, Agriculture in the Republic of Serbia, Statistical Office of the Republic of Serbia, Belgrade.*

Based on the data from Table No. 2 we can conclude that the average economic size of agricultural holding in the Republic of Serbia in 2012 amounted to 5.939 Euros. If this data is observed by legal-organizational form of agricultural holdings, then we can conclude that in the sector of family holdings that same indicator was at 4.990 Euros and in the sector of legal entities and entrepreneurs 204.755 Euros.

Today, Serbia does not have as many agricultural cooperatives as there should be. At the same time, existing ones should be much better organized from all aspects. On the other hand, the real situation of cooperatives in our

country lags behind the actual social needs for various types of cooperatives. In the hilly-mountainous and southeastern areas of Serbia, wherever there are no cooperatives, there are no people as well. With the establishment of agricultural, fruit growing, livestock, dairy, beekeeping and similar cooperatives, those who have not yet migrated would stay in vilages, and only in such a way could someone come back from the city where they lost their job or have no prospect of finding another one and therefore ensure a decent living for theim and their family. Starting from the existing situation, there is a number of problems in our country that could be more easily solved with the help of the institutions of cooperative type, such as: ensuring the cheapest food supply, supply of consumer goods at affordable prices, employment of the unemployed, solving the housing problems of the poor, optimal and versatile development of rural regions and providing the best quality food.

The factor that intensively disturbs agricultural potential is reflected in the expansion of cities and the conversion of agricultural land into construction land. This is a very unfavourable tendency of reduction of total agricultural, arable areas. In this way, in the last three decades, the agriculture of Serbia has lost about 1/3 of the total and mainly arable areas. One of the reasons for abandoning the cultivation of agricultural land is also very low selling price of agricultural products in larger settlements.

Furthermore, the particularly worrying factor or problem is the expansion and strengthening of large shops. In Serbia today, hypermarkets are not only conquering the market of agricultural products but also controlling food prices. At the same time, monopolies are acting in the field of import and export of food products, but also in selling necessary materials, machinery and equipment in agriculture, which is something that affects small and poorly organized farmers and traditional peasants who cannot compete with them on the market. It is natural that the big players in the market are stronger, but they cannot be the only ones in the hierarchy of things, so for a modern social and agricultural structure is not rational to allow those who are lesser and smaller to disappear. Primaliry, they must have sustainable development ensured, preferably with as large as possible share of their small, but optimally integrated material and spiritual, economic, social and cultural resources that would be activated as a hidden and unused capital. The cooperative is the only and so far the most rational form of such a unification and therefore must in all possible ways be encouraged and preserved - not only in the village and agriculture, but also

in various forms of urban cooperatives whose tradition in our country is not as old and deep as the one of the agricultural cooperatives.

The potential of rural areas

Rural tourism is an important component of integrated and sustainable rural development, as well as an important factor in encouraging the development of local agricultural and non-agricultural activity in the village, but represents also a special incentive for employment. There is no commonly accepted definition of rural tourism since different countries have different criteria for defining a rural area (Vujko et al., 2017). Many authors have dealt with the topic of rural tourism from different aspects (Bičanin, 2018). From the aspect of theoretical determination of rural area in Serbia Cvijanović & Ružić (2017) have dealt with this topic. Ristić et al., (2016) point to the necessity of giving priority to rural tourism development as an essential component of the revitalization of villages and local communities. Rural tourism is a very broad concept that encompasses not only rural holidays but also all other tourist activities in rural areas (Cvijanović et al., 2018). In the most countries of the European Union, strategies for development of regions and rural areas also included rural tourism, which creates new jobs and contributes to socio-economic progress of the underdeveloped and undeveloped areas, helps in retaining the population in the village, which should be paid special attention to in the reform process in order to dynamize growth rates of tourism industry. Rural tourism "through tourism consumption generates general economic growth and development at all levels of the economy" (Ružić, & Amidžić, 2019, p. 65).

Rural tourism is at the same time an old and a new phenomenon. The interest in recreation in the rural areas started to grow already in the nineteenth century as a reaction to the growing pressure of urbanization and industrialization. The term agritourism or rural tourism was adopted by the European Commission for Tourism in order to describe and explain all tourist activities in agri-rural areas.

Serbia has great untapped potential for the development of rural tourism (Labović, 2015). Natural beauty combined with the culture, tradition, gastronomic specialties, and music can become a recognizable tourist brand, which would contribute to a significant foreign currency income and improve the country's image. According to a broader definition, rural tourism includes a wide range of activities, services and pleasures provided

by the farmers and peasants in order to attract tourists to their area in order to create additional revenue. Therefore, rural tourism with its potential represents a significant resource for economic status of population in the village, but also for the development of the tourist offer of the Republic of Serbia is general. In its offer, rural tourism includes various forms of tourist activities in different stages of development: agritourism, agricultural holding, farms; outdoor activities; eco tourism; cultural tourism; manifestational tourism; gastronomic tourism and other combined forms of the tourism of special interests.

In foreign literature, there is a number of papers in which the authors give examples of how to attract tourists to rural areas through the promotion of idealized symbolic cultural environment. Rural areas are now increasingly seen as places for entertainment, leisure activities, as well as a second house and as a substitute for life in the city. These trends question the relationship between rural tourism and culinary heritage (Bessière, 1998). Discussing the need and desire of the visitors to learn much more during their stay in rural areas, through which the connection among all types of tourism is actually seen, Bessière (1998) points out that "such knowledge can be acquired through a series of cultural events such as traditional cuisine, regional languages, handicrafts, folklore, local visual arts, acting, literary events, historic and prehistoric excavations, beautiful landscape, flora and fauna" (p.10). In the recent years, agro-tourism, as part of rural tourism and a direction in tourism industry has crystallized in the territory of Serbia. It takes place on agricultural estates where there is a possibility for being provided with food and drinks and/or accommodation along with the basic agricultural activity (Miletić & Todorović 2003). Catering industry, with a strong gastronomic specificity, is an integral segment of activities within the agro and rural tourism, called gastronomic tourism. The base of this type of rural tourism is production of specialties in a traditional way and to a large extent is determined by the specificity of environment. The original national dishes - gastronomic specialties are served in a traditional peasant way and everything is from domestic production.

The main objective of rural tourism is that -based on tourist demand, the rural population is provided with additional earning and thereby their standard of living is improved and migration are reduced, especially of young people from rural areas. The success of a business depends also on the way and ability to fit into the new market and business environment (Radević et al., 2016). The goal of implementing the tourism policies relating to rural tourism should be reflected in the fostering of growth of

living standard of population in the regions attractive for tourist trade, so that at least for the beginning it satisfies their basic needs. Local population should be associated with tourist activities and participate in equitable distribution of economic, social and cultural benefits they generate, particularly in direct and indirect jobs resulting from them.

Rural tourism is a real asset for the revitalization of many small and large rural spatial units, which, if they have not already completely disappeared, are then dormant. Tourism development in these areas can stop the migrationas of young people, because development of tourism today means creating basic conditions for a general, much higher mutual comfort of rural settlements. In such circumstances young people can find not only economic, but also socio-cultural motives to continue living in family hearths in areas where the general quality of life is really approaching a level that is today in the world and the region considered as necessary. Fifteen years ago this was realized by Croatia, Bulgaria and Slovenia. The economies of these countries are featured by similar share of agricultural land in total land, share of arable land in total land, value of arable land per person, share of agriculture in GDP and agriculture employment and also by well preserved and rich in biodiversity environment (Stojadinović Jovanović & Dašić, 2015). As shown by available literature (Baćac, 2003), rural tourism in Croatia and tourism in agricultural holdings are in starting, pioneering stage. In the last 10 years, rural tourism has mostly gained in importance in the inner part of Istria. In Istria, there are 126 households of various category of offer: agritourism (agricultural products and tourist services), rural houses, rural family hotels, wine cellars, rooms and apartments in rural households, with 982 beds, with an average annual visit of 110 days (Baćac, 2003). In Bulgaria, the first successful beginnings of rural tourism were achieved in the picturesque Rhodope village of Momchilovtsi, where tourists are offered all the benefits of rural tourism, from 23 churches in the surrounding area to culinary specialties and excursions to exotic places (Ivanova & Delibatova, 2003). Development of rural areas and villages' revaluation - The Integral Development of Rural Areas and Renovation of Villages, IDRARV' project - in Slovenia runs from 1991. At the beginning, the project started with 14 rural areas, and in 1998 the project included about 100 rural areas (Koščak, 1998).

Development of tourism in the villages of Serbia, as an organized activity, began a little over a quarter of a century. Beginnings of tourism development themselves in the villages are related to the spontaneous movement of tourists, who wanted, at least briefly, to escape from the

urban, ecologically polluted areas, and spend some time in nature. At the beginning, only individual households dealt with this type of tourism. Over time, fueled by tourism organizations and other state bodies, tourism in the village has achieved mass character. In order to develop tourism in mainly hilly-mountainous villages, tourism associations started to be established and this activity has been joined by cooperatives and the catering-tourist industry. According to information from the archives of tourism associations in the late eighties of the last century, 50 villages with nearly 3,000 beds in 800 households in Serbia were engaged in tourism. Identifying families, elderly people, young people, active tourists, etc., as various categories of potential visitors plays a key role in the formation of an adequate offer. Each of these categories of visitors has different preferences, interests and requirements, so it is necessary for each of these segments to form a various offers and services within rural tourism.

Rural areas account for about 90% of Serbia and about 43% of the total population live in them. Rural tourism in Serbia does not have a long tradition; 70's of the 20th century can be considered as the beginning of development of rural tourism and villages Seča Reka, Sirogojno etc. as pioneers. Although Serbia has a diverse structure of attractiveness, it is not accompanied by an adequate profile of tourist products. Before that rural tourism rarely appeared in the tourist offer of Serbia. Fragmented and dispersed peasant land properties, orientation to the other forms of tourism and massiveness, insufficiently developed awareness of environmental values, are just some of the factors that have contributed to the weak development of this form of tourism. Considering all key tourist attractions initial offers were profiled some 20+ years ago. The same remained non-modernized because of the absence of Serbia from international tourist market, and thus without greater bargaining power towards buyers.

By their specificity, ethno houses stand out primarily due to their entire economy. They are built in traditional style of folk architecture of Serbian population and population of Slovak, Romanian, Bunjevac, Croatian and others ethnicity in Serbia. Also, they have elements of individual agricultural holding, where the base is preservation of traditional agricultural activities, based on multi-ethnicity, folklore, customs, and represent the cultural heritage. In the territory of Serbia, several distinctive ethno houses stand out: in Belo Blato (municipality of Zrenjanin), in Torak (municipality of Žitište), in Kovačica, in Tršić (municipality of Loznica), in Struganik (municipality of Mionica), in Ravni (Knjaževac), salaši in

Vojvodina (municipalities of Subotica, Sombor, Novi Sad, Srbobran, Bečej).

Rural tourism refers to a range of activities, services and additional contents organized by rural population. Ethno-settlements, which represent the old village Serbian folk architecture, represent a space that combines mentioned activities. In the territory of Serbia, there are following ethno-settlements: Sirogojno (municipality of Užice), Koštunići (municipality of Gornji Milanovac), Drvengrad (Mećavnik).

Table 3: *Villages in Serbia in which rural tourism is the most developed*

Municipality	Villages engaged in tourism
Kosjerić	Seča Reka, Donji Taor, Mionica, Skakavci
Kragujevac	Ramaća, Stragari, Kamenica, Duleni
Knić	Borač, Žunje, Grabovac, Lipnica, Bare
Ivanjica	Lisa, Kušići, Katići, Međurečje, Devići
Gornji Milanovac	Koštunići, Savinac, Pranjani, Gojna gora, Brusnica, Bogranica
Valjevo	Petnica, Stave, Popučke, Valjevska Kamenica
Kraljevo	Lopatnica
Čajetina - Zlatibor	Gostilje, Trpkovo, Ljubiš Rožanstvo, Sirogojno,
Ljubovija	Ljubovija
Sokobanja	Trubarevac, Jošanica, Mužinac
Sombor	Bezdan, Doroslovo, Stapar, Bački Monoštor
Knjaževac	Vlaško Polje, Kalna, Crni vrh, Vrtovac
Subotica	Palić, Kelebija
Majdanpek	Mišin breg, Rudna glava, Crnajka

Source: *Internet Serbia Travel News, Village idyll, http://istnews.com/202-seoski-turizam-srbije/*

The use of services of rural tourism by domestic and foreign tourists has changed over the last decade. Growth was especially recorded in visits to rural areas by domestic tourists thanks to the distribution of vouchers to all adult citizens whose income is less than 60,000 RSD from the Ministry of Tourism, Trade and Communications. All the vouchers of 5,000 RSD worth have been distributed to citizens of the Republic of Serbia in the last three years, and the results of increasing visits to spas, mountains and ethno houses suggest an obvious increase in the provision of tourist services of that type in rural areas.

On average, rural tourism in Serbia covers 408,580 overnight stays, or about 6.2% of the total number of overnight stays in Serbia. Domestic visitors account for nearly 100% of all rural tourism visitors in Serbia

(Tourism Development Strategy in Serbia from 2015 to 2020). The average price of housing in mentioned buildings for accommodation of rural tourist is 15 Euros, which means that the average income of rural tourism based on accommodation-catering facilities is about 6.2 million Euros. Locally added value and multiplied effects of rural tourism in Serbia cannot be precisely determined, because there are no appropriate parameters to express that. According to the estimate of authors of the Tourism Development Strategy in Serbia from 2015 to 2020 (Ministry of Trade, Tourism and Telecommunications Republic of Serbia, 2016), rural tourism in Serbia covers 9.6% of the total number of overnight stays, with estimate of market potential from 1,000,000 to 1,500,000 overnight stays in rural tourism, and the share of foreign guests in the total number of overnight stays will be 15%. A particular asset in the increase in the number of overnight stays in the upcoming period are the spas and mountains that made Serbia famous in the region and the world. The latest statistical data on tourist trade in the spas and mountains in the Republic of Serbia indicate that there is a growth in trade comparing with preceding period (Table No. 4 and 5, the column arrivals / index), which confirms that the aforementioned estimates are real and that the flow of growth of tourist trade goes according to the predicted plan. Of course, this course will certainly be the base for future strategies of growth and development of rural tourism in the Republic of Serbia, which should also include the prediction of socio-political measures for the return of young people, especially young couples, to the village. Reforms in agriculture, with significant financial and material support of the Ministry of Agriculture, Ministry of Social Policy, Ministry of Economy and Tourism will adopt and apply necessary measures that countries in the region successfully applied (Bulgaria, Croatia and Slovenia).

Tourism trade in spas in Serbia, expressed by the total number of tourist arrivals (670.044) in 2019 increased by 12% compared to the same period in 2018. The increase in the number of arrivals of domestic tourists (547.239) was 12,2%, while the increase in the number of arrivals of foreign tourists (122.805) was 12,1%.

The total number of nights spent in spas in 2019 (2.781.627) increased by 9,4% compared to the same period in 2018. The number of nights spent by domestic guests (2.427.434) increased by 9% and the number of nights spent by foreign tourists (354.193) increased by 12,1%. In terms of the tourist turnover, Vrnjačka Banja is the leading tourist destination, which has grown by 14,4% in terms of tourist arrivals (283.491), or 10,9% growth

in nights spent (907.892). Sokobanja recorded the largest increase in total arrivals (23,4%), while Gamzigradska Banja recorded the largest increase in total overnight stays (35,1%).

Table 4: *Tourist trade in the spas of Serbia in 2019*

January - December 2019.	**ARRIVALS**					
	Total	**Index**	**Domestic**	**Index**	**Foreign**	**Index**
The Republic of Serbia	**3.689.983**	**107,6**	**1.843.432**	**107,2**	**1.846.551**	**108,0**
Spa Centers	**670.044**	**112,3**	**547.239**	**112,3**	**122.805**	**112,1**
Vrnjačka Banja	283.491	114,4	230.887	115,2	52.604	111,1
Sokobanja	124.877	123,4	108,151	122,9	16.726	126,8
Arandjelovac-Bukovička Banja	32.885	97,9	27.198	100,2	5.687	88,2
Mataruška Banja	394	92,5	374	93,5	20	76,9
Banja Koviljača	24.322	100,7	18.725	100,6	5.597	101,1
Prolom Banja	18.227	102,9	14.343	100,8	3.884	111,5
Gornja Trepča	12.269	105,6	10.808	106,8	1.461	97,5
Vranjska Banja	3.050	133,5	2.890	136,4	160	97,0
Banja Kanjiža	12.892	104,7	8.811	110,7	4.081	93,8
Banja Junaković	10.630	102,8	8.813	105,8	1.817	90,4
Banja Vrdnik	28.700	103,2	23.249	102,5	5.451	106,4
Banja Rusanda	1.315	103,9	1.202	100,0	113	176,6
Banja Palić	33.668	111,4	20.779	113,2	12.889	108,6
Selters Banja	5.612	100,4	5.399	100,3	213	104,4
Lukovska Banja	12.877	93,6	11.428	95,3	1.449	82,4
Gamzigradska Banja	2.072	110,2	1.685	95,4	387	336,5
Ribarska Banja	9.810	95,8	9.400	95,0	410	118,5
Sijarinska Banja	8.742	109,3	8.395	109,5	347	103,9
Banja Vrujci	10.542	96,8	9.910	96,9	632	95,9
Niška Banja	3.728	83,7	2.612	78,6	1.116	98,8

Source: *Statistical Office of the Republic of Serbia, 2020, Tourist traffic, December 2019, https://publikacije.stat.gov.rs/G2020/Pdf/G20201020.pdf (28 February 2020)*

Tourist trade in the mountain centers of Serbia, expressed by the total number of tourist arrivals (638.521), increased by 7% in 2019 compared to the same period in 2018, while the total number of nights (2.302.273) increased by 5,9%. The number of arrivals of domestic tourists (502.607) increased by 5,9% compared to the same period in 2018, while the number of arrivals of foreign tourists (135.914) increased by 11,5%. The largest

increase in the total number of arrivals was recorded at Goč (30,5%). Of the other mountain centers, the largest increase in the number of arrivals was recorded at Divcibare (12,1%) and Tara (10,2%).

Table 5: *Tourist trade in the mountains in Serbia for 2019*

January - December 2019.	**ARRIVALS**					
	Total	**Index**	**Domestic**	**Index**	**Foreign**	**Index**
The Republic of Serbia	**3.689.983**	**107,6**	**1.843.432**	**107,2**	**1.846.551**	**108,0**
Mountain centers	**638.521**	**107,1**	**502.607**	**105,9**	**135.914**	**111,5**
Zlatibor	237.064	109,1	168.067	105,9	68.997	117,8
Kopaonik	135.613	102,7	107.422	101,6	28.191	107,1
Tara	69.847	110,2	64.635	110,8	5.212	104,2
Mokra Gora	16.325	112,1	7.747	109,3	8.578	114,8
Divčibare	42.130	98,8	41.195	99,7	935	70,4
Ivanjica	13.075	105,3	11.584	106,3	1.491	97,7
Zlatar	16.506	102,2	14.637	102,8	1.869	97,5
Rudnik	4.400	99,5	4.400	99,5	-	-
Stara Planina	21.873	106,6	17.342	105,9	4.531	109,6
Goč	12.513	130,5	12.511	130,4	2	-

Source: *Statistical Office of the Republic of Serbia, 2020, Tourist traffic, December 2019, https://publikacije.stat.gov.rs/G2020/Pdf/G20201020.pdf (28 February 2020)*

In the same period, the number of overnight stays of domestic tourists (1.919.201) increased by 4,9% and foreign (383.072) by 11% compared to the same period in 2018. The largest increase in the total number of overnight stays in 2019 was recorded in Tara (91,8%) and in Mokra Gora (64,9%). The number of tourist arrivals (237.064) and the number of overnight stays (777.057) was led by Zlatibor.

Despite the well-equipped accommodation facilities and somewhat thoughtful program of stay, the problems in the further development of rural tourism to be worked on in Serbia are:

- Insufficient education of rural households about the way of accepting and hosting visitors, especially those close to spas and mountains;
- Insufficient number of tourist points in the villages, especially in mountain villages and spas, which are engaged in this type of tourism and poor connection with municipal tourism organizations and the Tourist Organization of Serbia,

- Insufficient and inadequate infrastructure (modern access roads, sewerage, hygienic drinking water and other ancillary facilities like a health clinic, post office, shops, restaurants).

Conclusion

The presented results from the research are focused on showing a clear picture of the state of the rural areas in the field of agri tourist potential. Reforms since 1945 to date have not given long-term results, and the wars of the nineties had a devastating and destructive impact on agrarian and tourist potential of our society. Today's economic trends and the Euro-integration processes in the region indicate that significant reforms are needed in the field of agrarian and tourism policies. In the last three decades, the agriculture of the Republic of Serbia lost about 1/3 of the total area, and most of all arable area. One of the reasons for abandoning the cultivation of agricultural land is also very low selling price of agricultural products in larger settlements.

Associations in agricultural cooperatives as the only form of survival of small family agricultural estates are the only sustainable solution that we see, and such agricultural structure in Serbia would be different and more effective than today. Today small family agricultural estates with land property of about 2 ha make up a quarter of all agricultural family estates, where the average economic value of family agricultural estate is around 5,000 Euros. As such it is unsustainable in the competition in the global market and liberalized legal framework of trade of agricultural products, reproductive materials, machinery and equipment. Without the survival of more than a half of agricultural family estates and households, the rapid emptying of not only over a thousand villages in Serbia, but also a large and strategically important border areas of Serbia will continue to happen.

Presented statistical data on tourist trade in the rural areas, spas and mountains in the Republic of Serbia indicate that there is a growth in trade compared to the previous period, which confirms that the strategic estimates of the growth of tourist trade in rural areas were real and that the current growth flow is going as planned. However, despite relatively well-equipped accommodation facilities and somewhat thoughtful program of stay, problems in further development of rural tourism in Serbia are the insufficient education of interested agricultural households about the method of accepting and hosting visitors, the insufficient number of tourist

points in the villages, fewer young people in the villages, poorly developed infrastructure and road network.

It is expected that this course will be the base for future strategies of growth and development of rural tourism in the Republic of Serbia, which should also include the prediction of policy measures for the return of young people, especially young couples, to the village. Reforms in agriculture, with significant financial and material support of the Ministry of Agriculture, Ministries of Social Affairs, Ministry of Economy and Tourism will adopt and apply the necessary measures that countries in the region successfully applied.

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TOURISM AS A DEVELOPMENT OPPORTUNITY OF RURAL AREAS IN THE REPUBLIC OF SERBIA

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Abstract

Rural areas cover a significant part of the territory and the total population of the Republic of Serbia. However, the population of these areas is mainly engaged in agriculture, with greater poverty than urban areas. Therefore, it is necessary to foster better integration of the primary sector with other sectors, especially with the manufacturing industry, first of all with the food industry and the tertiary sector, i.e. tourism, to provide additional income for the rural economy. The subject of this research is the role and importance of tourism in the development of rural areas of the Republic of Serbia, with the aim of indicating that tourism represents one of the significant opportunities for the future sustainable development of rural areas of the Republic of Serbia. This paper will also analyze the impact of tourists' overnight stays by type of tourist resorts on the share of tourism in GDP, with an emphasis on the rural tourist households.

Key Words: *rural areas, rural tourism, type of tourist resorts, rural tourist households, accommodation facilities*
JEL classification: *O18, R11, Z32*

Introduction

The development of tourism in rural areas could contribute to the development of many villages that today still rely on agriculture as an economic activity. Most rural areas in Serbia are among the poorest areas and at the same time represent areas with low diversified activities (Ristić et al., 2019). Bearing in mind that the population primarily engaged in agriculture is usually poor, the necessity of diversifying the activities of the

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population of these areas is recognizable. Namely, it is necessary to connect agriculture both with the secondary sector through the development of the manufacturing industry, and with the tertiary sector in the form of providing services and development of tourism in rural areas. Linking agriculture to tourism in rural areas is of particular importance because of the possibility of using rural resources for agricultural, food and tourism purposes, with the additional income of the rural population based on manufacturing and accommodation facilities, as well as the development of various supporting services.

In recent years, tourism has been developing and taking on new forms. Among the specific forms of tourism, rural tourism is becoming more and more interesting. Accordingly, the question is how to attract tourists to rural areas of Serbia which have abundant resources and how to improve tourist offer of these areas (Bogdanov, 2007). This issue is of particular importance given that rural areas cover about 85% of the territory of the Republic of Serbia and that about half of the population lives there. High percentage of rural population employment in agriculture indicates a low diversification of income and activities of the population in rural areas (Bošković, 2012), and also the low level of tourism development.

The multifunctionality of agriculture is an important factor for diversification of activities in rural areas (Ploeg et al., 2000). Thereby, there is clear evidence that rural tourism sector captures benefits of agriculture. Some analyses of rural accommodation show the clear link between the presence of agricultural amenities in the landscape and the price that can be charged to rural tourists. Namely, prices of rural accommodation are usually higher in areas with more agricultural amenities (Huylenbroeck et al., 2007, p. 18).

The subject of research in this paper is the development of tourism in rural areas of the Republic of Serbia. The aim of the paper is to point out the importance of tourism for the future development of rural areas of the Republic of Serbia, and in particular to point out the importance of rural tourist households in rural development.

According to the defined subject and the aim of this research, the basic hypothesis in this paper is: If the number of tourists' arrivals and overnight stays in rural areas is encouraged it will have a significant positive impact on the rural and overall economic development of the Republic of Serbia.

Literature review

Tourism can initiate the development of rural areas and contribute to more balanced regional development. It can at the same time be an additional source of income for agricultural households and can mitigate rural unemployment.

Tourism is considered as one of instruments for rural development. It can influence the development of a certain area. Tourism in developing countries is usually considered as one of the important approaches to balancing regional development, while in developed societies it is considered as an important source of income for local community and one of important factors of diversification of economic activities of rural areas (Manić, 2014). Also, tourism is considered as one important determinant of development at national level.

The development of rural tourism as an organized activity began in Serbia in the late 1970s. One of the most important segments for rural tourism development of Serbia is development of rural tourism in agricultural households. A significant advantage of the development of this type of tourism is manifested in securing additional tourism income to rural areas with minimal investment by the farmers themselves, as well as in expanding economic development in the peripheral areas based on the interdependence of agriculture and tourism (Čomić, 2002). Therefore, the government should pursue a responsible economic and agrarian policy in order to reduce poverty and social inequality, which is especially pronounced in rural areas where agriculture is a dominant economic activity, which would create conditions for economic and sustainable development (Veselinović et al., 2019). Given that tourism can play an important role in sustainable development, not only in rural areas but also the entire economy, it is essential to increase the competitiveness of tourist destinations in order to improve the parameters of tourism that would influence to economic growth and development of the country (Dimitrijević, 2018).

At the beginning of the 21st century, in accordance with the specific requirements of tourists, new forms of tourism began to develop, within which rural tourism occupies a significant care (Njegovan et al., 2015). Thus, rural tourism is most easily defined as tourism that takes place in the countryside (OECD, 1994, p. 8). Namely, rural tourism means any form of tourism that represents rural life, art, culture and heritage at rural locations,

thereby benefiting the local community economically and socially as well as enabling interaction between the tourists and the locals for a more enriching tourism experience can be termed as rural tourism (Nagaraju & Chandrashekara, 2014, p. 43). As such, rural tourism encompasses several types of tourism such as agritourism, ethnic tourism, ecotourism, creative tourism, and culinary tourism – food and wine routes (Sasu & Epuran, 2016) and it is widely recognized as an important factor for rural development.

Traditionally, agriculture was the main activity in rural areas, which employed most of rural population and was a main source of income. The situation has changed over time, so rural tourism is now considered as a potential for solving certain agricultural problems. Today, many farmers and rural residents try to find the alternative sources of income, with a link between agriculture and tourism. In some areas and for some businesses, tourism can be of great benefit. Rural tourism in the whole is based on rural environment, whereas farm tourism is based on the farm and farmers. This means that within the framework of rural tourism, farm tourism enterprises are more closely related to agriculture than other rural tourism types and operations (Fleischer & Tchetchik, 2005, p. 493).

Many forms of tourism do not have very negative impact on environment, unlike industry, mining and modern agribusiness. That is why sustainable tourism is the favorite type of tourism which tries to reduce bad impacts on natural resources and environment, especially in mountainous rural areas (Bošković et al., 2019; Ristić et al., 2016).

Thereby, the countryside is usually at risk from unmanaged or ill-managed tourism. Parts of the physical environment are at risk because they are fragile: natural habitats, archaeological features and footpaths are but a few of the features under threat from visitor numbers. The economic stability of the rural world can be at risk from new, perhaps large scale, tourism businesses seeking short-term gains. For all these reasons, a sustainable approach to rural tourism would seem to be especially important (Lane, 1994, p. 19).

Indicators of the statement and development of agriculture and tourism of the Republic of Serbia could be presented (Table 1).

Table 1: *Contribution of agriculture and tourism to the economic development of the Republic of Serbia*

	Agriculture		**Tourism**		
	Production value (current prices, mill. RSD*)	Agricultural GVA** share in GDP,%	Number of tourists' arrivals	Number of tourists' overnight stays	Contribution of travel and tourism to GDP*** (% of GDP)
2010	498776.4	6.3	2000597	6413515	5.1
2011	564117.8	6.7	2068610	6644738	5.4
2012	542919.5	6.0	2079643	6484702	5.6
2013	621215.3	6.4	2192435	6567460	5.6
2014	635984.9	6.4	2192268	6086275	5.9
2015	584834.1	5.6	2437165	6651852	6.4
2016	643685.6	6.0	2753591	7533739	6.6
2017	590706.9	5.4	3085866	8325144	6.9
2018	640861.9	5.4	3430522	9336103	6.9

***RSD - Republic Serbia Dinars*
***GVA - Gross Value Added*
****GDP - Gross Domestic Product*
Source: *SORS - Economic Account of Agriculture, 2018, p. 24; Statistical Yearbook of the Republic of Serbia, 2011-2019; Knoema, 2020.*

According to WTTC data, tourism in Serbia participated in GDP with 6.9% in 2018. In Serbia, the value of agricultural production fluctuated from year to year, as well as the share of agriculture in GDP, with a tendency to decrease in recent years, while tourism indicators in the form of tourists' arrivals and overnight stays generally recorded growth, with constant increase of tourism share in GDP. Accordingly, agriculture in the past was more important than tourism for economic development of the Republic of Serbia, while today it is tourism, measured by the share in GDP. Therefore, a special attention should be paid to the development of tourism in rural areas where agriculture is still the primary activity and relatively small number of tourists' overnight stays take place in rural these areas.

The strongest connection between agriculture and tourism is visible in rural areas due to the fact that agricultural production takes place in these areas, where also many forms of tourism are developing in rural areas. Obviously, rural tourism reflects the links between agriculture and tourism in the best way, encompassing a whole range of activities, products and services, offering tourists a number of the elements of the natural environment, as

natural experience, rural tradition, culture and the other values of the local community, combining different forms of tourism, linking traditional and modern elements (Ristić et al., 2019).

Research methodology

The analysis in this paper will be conducted for the period 2010-2018 as tourists' arrivals and overnight stays will be observed by regions and type of tourist resorts. The analysis will be made on the basis of data of the Statistical Office of Republic of Serbia, with special emphasis on tourists' overnight stays and accommodation facilities in rural tourist households. The SPSS statistical package will be used to examine differences in tourists' arrivals and overnight stays. These differences will be examined using the Kruskal-Wallis test since these are one-factor variables that do not have a normal schedule, for which Kolmogorov-Smirnov and Shapiro-Wilk tests were used. The impact of tourists' overnight stays by type of tourist resorts on economic development will be examined through OLS regression in the EViews econometric package. The statistical package SPSS, using the Kruskal-Wallis test will also be used to test the difference of tourists' overnight stays as well as accommodation facilities in rural tourist households by type of tourist resorts. Finally, the structure of accommodation facilities in rural areas of the Republic of Serbia will be analyzed. Considering that according to the current classification of tourist resorts in the Republic of Serbia, there are no special resorts for rural tourism, the paper analyzes other tourists' resorts and other resorts (according to the data of the Statistical Office of Republic of Serbia: selected tourist resorts of the SORS).

Research results

Bearing in mind that regional differences affect rural areas, i.e. that all regions except Belgrade can be considered as extremely rural, their observation and mutual differences in attracting tourists and tourism development are important.

The presented Table 2 shows that there is a significant difference in tourists' arrivals and overnight stays between regions, i.e. the Region of Šumadija and Western Serbia recorded the highest number of tourists' arrivals and overnight stays, then the Belgrade region, the Region of Southern and Eastern Serbia and finally the Region of Vojvodina.

Table 2: *Number of tourists' arrivals and overnight stays by regions of the Republic of Serbia, 2010-2018*

	Tourists' arrivals	**Tourists' overnight stays**
Chi-Square	26.596	29.849
Asymp. Sig.	.000***	.000***
Mean rank		
Belgrade region	26.11	22.22
Region of Vojvodina	9.22	6.44
Region of Sumadija and Western Serbia	28.89	32.00
Region of Southern and Eastern Serbia	9.78	13.33

Note: *The value is significant at 10% (*), 5% (*), and 1% (***) confidence level*
Source: *Authors', based on SORS, Statistical Yearbook of the Republic of Serbia, 2011-2019*

The development of rural tourism, increase in accommodation facilities and promotion of tourist destinations in rural areas should be certainly directed to the Region of Sumadija and Western Serbia, as well as the Region of Southern and Eastern Serbia and the Region of Vojvodina, which can also be considered extremely rural and lagging behind the Belgrade region as an urban area in terms of tourists' arrivals and overnight stays.

In addition to regional differences, it is even more important to examine the impact of tourists' overnight stays by type of tourist resorts on the economic development.

The presented Table 3 shows that the model is suitable for examining the impact of tourists' overnight stays by type of tourist resorts on economic development (0.000), and that it largely describes this significance in reality (0.980148). The greatest statistical significance of the impact on economic development is the tourists' overnight stays in spas and mountain resorts, followed immediately by tourists' overnight stays in other accommodation, while tourists' overnight stays in other tourist accommodation has no statistical significance for the economic development of the Republic of Serbia, calculated according to the OLS regression methodology.

Table 3: *Impact of tourists' overnight stays by type of tourist resorts on the economic development of the Republic of Serbia, 2010-2018*

Variable	Coefficient	t-Statistic	Prob.
Spas	-1.69E-06	-5.168433	0.007***
Mountain resorts	2.06E-06	5.553179	0.005***
Other tourists' resorts	-5.78E-07	-0.815959	0.460
Other resorts	5.99E-06	4.437816	0.011**
R-squared	Adjusted R-squared	F-statistic	Prob(F-statistic)
0.990074	0.980148	99.74498	0.000***

Note: *The value is significant at 10% (*), 5% (*), and 1% (***) confidence level* dependent variable: contribution of travel and tourism to GDP (% of GDP)

Source: *Authors', based on SORS, Statistical Yearbook of the Republic of Serbia, 2011-2019*

In addition to the impact of tourists' overnight stays by type of tourist accommodation on economic development, it is important to observe their mutual differences in attracting tourists.

Table 4: *Number and share (%) of tourists' overnight stays by type of tourist resorts (selected tourist resorts of the SORS data), 2010-2018*

	In total	Spas	Mountain resorts	Other tourist accommodation	Other accommodation	% Spas	% Mountain resorts	% Other tourist accommodation	% Other accommodation
2010	6413515	2210710	1466907	1230534	207180	34.47	22.87	19.19	3.23
2011	6644738	2308197	1590016	1172913	211034	34.74	23.93	17.65	3.18
2012	6484702	2035385	1601042	1198988	183234	31.39	24.69	18.49	2.83
2013	6567460	2134497	1558126	1130999	225634	32.50	23.72	17.22	3.44
2014	6086275	1852036	1411822	995332	223220	30.43	23.20	16.35	3.67
2015	6651852	1854582	1661487	1130209	221990	27.88	24.98	16.99	3.34
2016	7533739	2085044	1928533	1216312	269663	27.68	25.60	16.14	3.58
2017	8325144	2227945	2078690	1380257	300980	26.76	24.97	16.58	3.62
2018	9336103	2542391	2172906	1539478	373552	27.23	23.27	16.49	4.00

Source: *Authors', based on SORS, Statistical Yearbook of the Republic of Serbia, 2011-2019*

From the presented Table 4, it can be seen that year in, year out the smallest number of tourists stay in other accommodation, as well as in other tourist

accommodation, while the majority of tourists visit spas and mountain resorts. Thus, it is important to analyze the share of foreign tourists visiting these areas and the number of domestic tourists (Table 5).

Table 5: *Share of foreign tourists' overnight stays by type of tourist resorts in the Republic of Serbia (%), 2010-2018*

	In total	**Spas**	**Mountain resorts**	**Other tourist accommodation**	**Other accommodation**
2010	22.64	4.72	8.80	22.71	23.37
2011	24.73	5.71	9.30	27.75	22.50
2012	27.70	6.61	9.69	32.78	27.44
2013	30.28	8.49	12.47	33.89	28.13
2014	35.51	10.86	15.23	37.60	38.33
2015	36.23	12.45	14.59	37.96	37.25
2016	36.36	12.17	14.89	37.27	36.64
2017	38.14	12.18	15.46	39.16	39.48
2018	39.18	12.42	15.88	39.72	41.08

Source: *Authors', based on SORS, Statistical Yearbook of the Republic of Serbia, 2011-2019*

It can be concluded that all tourist resorts are dominated by domestic tourists compared to the foreign ones. Compared with the spa and mountain resorts, there is a smaller number of tourists staying in other tourist accommodation and other accommodation. However, there is a higher share of foreign tourists in the total number of tourists' overnight stays compared to spas and mountain resorts. Further research will analyse tourists' overnight stays in rural tourist households by type of tourist resorts, i.e. compare their differences.

Table 6: *Tourists' overnight stays in rural tourist households by type of tourist resorts, 2014-2018*

Type of tourist resorts	**Mean rank**	**Chi-Square**	**Asymp. Sig.**
Spas	7.10	4.538	.209
Mountain resorts	8.90		
Other tourist accommodation	14.60		
Other accommodation	11.40		

Note: *The value is significant at 10% (*), 5% (*), and 1% (***) confidence level*

Source: *Authors', based on SORS, Statistical Yearbook of the Republic of Serbia, 2015-2019*

According to Table 6, most of tourists' overnight stays in rural tourist households are realized in other tourist accommodation and other accommodation, unlike spas and mountain resorts, but these differences are not statistically significant, so we should also analyse accommodation facilities in those areas (Table 7).

Table 7: *Accommodation facilities (rooms) in rural tourist households by type of tourist resorts, 2014-2018*

Type of tourist resorts	Mean rank	Chi-Square	Asymp. Sig.
Spas	10.60	6.074	.108
Mountain resorts	10.60		
Other tourists accommodation	15.00		
Other accommodation	5.80		

Note: *The value is significant at 10% (*), 5% (*), and 1% (***) confidence level*
Source: *Authors', based on SORS, Statistical Yearbook of the Republic of Serbia, 2015-2019*

The analysis of the accommodation facilities in rural tourist households shows that the largest number of such households is in other tourist accommodation, spas and mountain resorts, while the least rural tourist households are in other accommodation, but these differences are not statistically significant, so the whole structure of accommodation facilities in rural areas of the Republic of Serbia must be observed. As most tourists' overnight stays in rural tourist households after other tourist accommodation are in other accommodation, it needs to develop more in these locations, and attract tourists to these areas.

Most accommodation facilities in rural areas of the Republic of Serbia refer to rural tourist households, then apartments and guest houses. However, it is important to note that these are accommodation facilities collected on the basis of data from the National Association of Rural Tourism of Serbia (selo.rs), while there are many accommodation facilities that have not been registered in this way. There are even differences in the data from the Tourist Organization of Serbia and the Directory of Rural Tourism Households. Anyway, the accommodation facilities must be observed according to the data of the Statistical Office of the Republic of Serbia, since these data are collected by the monthly report of catering trade and other business entities that provide accommodation services to tourists, or who mediate the provision of those services.

Table 8: *Share of accommodation facilities (rooms) by type of tourist resorts and facilities, 2018 (%)*

	Spas	**Mountain resorts**	**Other tourist accommodation**	**Other accommodation**
Hotels	11.92	17.70	23.64	5.54
Motels	2.61	4.44	58.22	34.73
Apartments	5.87	66.23	13.87	0.86
Tourist settlements	0.00	37.00	24.00	10.00
Boarding houses	0.00	57.55	0.00	42.45
Overnight stays	15.35	17.05	35.70	18.79
Inns	13.11	11.09	49.36	23.67
Garni hotels	5.79	2.86	32.98	1.88
Apart hotels	0.00	94.75	3.21	0.00
Spa cures	96.01	0.00	3.99	0.00
Climatic cures	54.73	45.27	0.00	0.00
Mountain shelters and huts	0.00	87.86	7.77	4.37
Workers' resorts	31.01	64.87	4.11	0.00
Youth and childern's resorts	6.21	72.60	15.98	5.22
Hostels	2.54	4.51	28.45	0.00
Camp sites	9.62	46.15	26.92	0.00
Camping grounds	0.00	3.04	13.40	26.64
Private rooms	57.01	9.87	15.05	16.31
Private houses	66.53	10.12	17.61	5.21
Rural tourist household	3.73	25.16	63.47	7.63
Dinning and sleeping cars	0.00	0.00	0.00	0.00
Hunting lodges and cottages	14.29	0.00	0.00	85.71
Other	0.00	0.00	78.95	21.05

Source: *Authors', based on SORS, Statistical Yearbook of the Republic of Serbia, 2019, p. 349.*

Table 8 shows that other tourist accommodation is predominantly accommodation in hotels, motels, overnight stays, inns, hostels and rural tourist household, while in spa resorts it is spa cures, climatic cures, private rooms and private houses. Apartments, tourist settlements, boarding houses, apart hotels, mountain shelters and huts, workers' resorts, youth

and children's resorts and camp sites dominate in mountain resorts. In other resorts, it is only camping grounds and hunting lodges and cottages. This leads to the conclusion that the smallest number of diverse structures of accommodation facilities is in other accommodation. Therefore, the total accommodation facilities according to the type of tourist resorts will be compared.

Table 9: *Total share of accommodation facilities by type of tourist resorts (%)*

	Spas	**Mountain resorts**	**Other tourists' resorts**	**Other resorts**	**Spas**	**Mountain resorts**	**Other tourist accommodation**	**Other accommodation**
	Rooms				Beds			
2010	29.85	16.93	26.32	8.93	31.24	19.10	24.06	8.95
2011	28.46	15.81	25.99	8.57	29.33	17.53	23.30	8.43
2012	29.74	18.55	27.34	7.11	31.35	21.35	24.94	7.02
2013	27.88	16.60	25.86	9.83	24.74	19.16	24.13	12.13
2014	25.52	17.02	25.27	8.08	23.70	20.06	25.52	9.20
2015	25.53	16.42	24.92	8.93	23.99	20.00	25.22	9.85
2016	25.44	17.01	24.02	8.81	24.06	20.74	23.98	10.10
2017	25.02	17.15	23.11	9.23	23.77	21.32	23.07	10.48
2018	23.50	17.66	22.61	9.31	23.44	21.79	22.33	10.23

Source: *Authors', based on SORS, Statistical Yearbook of the Republic of Serbia, 2011-2019*

Table 9 shows that most of the abovementioned accommodation capacities (rooms and beds) are in spas, while the least is in other places, which can be equated with the arrival of tourists in those places.

Conclusion

Regarding the hypothesis of this paper, which is namely the starting point of this research, we can conclude that if the number of tourists' arrivals and overnight stays in rural areas is encouraged, it will have a significant positive impact on rural and overall economic development of the Republic of Serbia. For now, spas and mountain resorts have the highest number of tourists' overnight stays as accommodation facilities, and they also

contribute most to the economic development of the Republic of Serbia. On the other hand, the least accommodation facilities and tourists' overnight stays are in other accommodation, which also has a significant impact on economic development, so this accommodation should be more promoted and should be made more attractive for tourists, as well as other tourist accommodation. Also, it is necessary to classify accurately the data regarding categorization of tourist resorts by type of tourist resorts in the Republic of Serbia where exactly the data for rural tourism are extracted, because for now it does not exist, but it is of high importance for future rural tourism development.

From the above it can be concluded that rural tourism of the Republic of Serbia is not at a satisfactory level of development. Therefore, special attention should be paid to the promotion and development of tourism in rural areas. This is also of main importance for the diversification of activities of the population living in these areas. Thus, special emphasis should be placed on linking agriculture primarily with the tertiary sector, especially with tourism in rural areas, but also with the manufacturing industry by encouraging the multifunctionality of agriculture.

Although most tourists' overnight stays in rural tourist households are realized in other tourist accommodation and other accommodation, this difference is not statistically significant in relation to spas and mountain resorts. Also, the difference in accommodation facilities in rural tourist households is not statistically significant, although accommodation facilities in other tourist accommodation dominate, while other accommodation at the bottom. Therefore, these accommodation facilities should develop more, having in mind the tourists' overnight stays in them.

Considering the structure of accommodation facilities in rural areas, there is a large difference in accommodation facilities between the SORS data, the National Association of Rural Tourism of Serbia and the Tourist Organization of Serbia, which indicates insufficient public availability of data on rural accommodation facilities, especially of rural tourist households. In addition to better statistical monitoring, promotion and modernization, it is also important to introduce special programs that will include specific itineraries, nature walks and exploring the natural beauty of rural areas of Serbia. It requires the assistance of the government, by providing incentives, subsidies, specific developing programs and projects. Also, local initiatives are necessary as well as the adequate promotion of

rural areas and their beauties, not only in the country, but also at the international level.

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DEVELOPMENT OF A MECHANISM FOR INVOLVING THE RURAL POPULATION IN TOURISM ACTIVITIES

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Abstract

The article proposes a mechanism for involving rural population in tourist activities, based on which a system that determines the procedure for involving the rural population in tourist activities is proposed. The involvement of the population in tourism activities allows us to form and develop the necessary personnel potential of rural tourism. It also partially solves the problems of employment and the quality of life of the rural population, as well as the development of non-agricultural activities in rural areas. Experience shows that measures related to increasing the activity of enterprises in the field of rural tourism, improving the image of tourist professions, stimulating employment in the field of rural tourism in the region are effective in this direction.

Key Words: *rural areas, rural population, rural tourism, sustainable development, human resource*
JEL classification: *Q01, Z32*

Introduction

Rural tourism is a significant sector of the global tourism industry. Its share varies from 12% to 30% of the global tourist flow. Over the past 10-15 years, the growth of the rural tourism segment has become much higher than the growth of European tourism in General. The average annual rate of development of rural tourism (not including excursion activities) was 10-15% and European tourism in General-only 4-5%. Up to 20% of placements are concentrated in the rural tourism segment. Tourist spending

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in this sector is about 2,500 billion. The effect on the rural economy exceeds 4,500 billion rubles (Trukhachev, 2017).

According to experts, in Russia, the share of rural tourism in the tourism industry does not exceed two percent. Experts estimate the volume of this sector at 4,000 objects. The vast majority of tourism objects are concentrated in urban areas (about 196 thousand), but the demand of Russian residents is much higher for rural recreation, and this demand is satisfied by no more than 15% (Ivolga & Shakhramanian, 2019b).

According to forecasts of rural tourism development, the number of urban residents who prefer to relax in the village is growing steadily. At this rate, their share of all domestic tourism in Russia can catch up with the European level (15-20%) (ACGRF, 2018).

Every year the tourist becomes more sophisticated, requires something new and unusual. This and much more was a prerequisite for increasing the development of rural tourism. The subjects of the tourism industry market forced to look for new opportunities to diversify the tourist product, to ensure its uniqueness and originality (Navolokina & Ryazantsev, 2019).

The prospects for rural tourism development in Russia recognized at the Federal level. In addition, many scientists and practitioners emphasize the importance of the rural segment not only as an agricultural activity (Trukhachev, 2016b).

A number of serious problems in rural areas will be solved because of the diversification of the rural economy (Shakhramanian & Ivolga, 2018):
- mass "flight" of young people due to the lack of jobs;
- reduced employment of the entire population;
- low incomes;
- the lack of prestige of living in villages and others.

One of the promising areas of diversification of the rural economy is tourism. Indeed, rural tourism is not an expensive pleasure, so low costs and investments can help solve a whole range of social and economic problems faced by villages (Elfimova & Radishauskas, 2017). Most of the specialized enterprises and households are faced with seasonal unemployment every year. The development of non-agricultural activities on their basis helps to reduce the seasonality factor and risks, which in turn will lead to an increase in income. Tourism is the most effective way to

solve all the above problems, as evidenced by both domestic and foreign experience (Pavlov & Rassadin, 2015).

Despite the fact that rural tourism has been named a priority, there is no policy at the Federal level to support its development. The lack of a consistent policy at the Federal and regional levels reduces the effectiveness of developing measures aimed at stimulating and developing rural tourism, which, as practice shows, is taken only at the regional level. Individual instruments and mechanisms of state policy operate separately and are not coordinated. As a result, the potential of rural areas is not used, although it could solve a whole range of problems, and the demand for rural tourism remains unsatisfied (Lisova et al., 2017).

It should be noted that the development of rural tourism can be promoted not only by certain programs, but also by a motivated rural population. One of the main problems of villages is the problem of labor resources, namely their preservation, retention and attraction. In order to solve this problem, it is necessary to develop a set of measures aimed at involving rural residents in the tourism industry. In our opinion, it is the villagers who know all the details of their territory, its advantages and heritage like no other. With a clear work with the population, with the setting of motivation, you can achieve a high return on them, which will help the development of rural tourism (Trukhachev, 2016a).

Thus, the paper tackles an urgent problem, which has an important socio-economic and economic significance, as the preservation and involvement of labor resources in rural areas.

The scientific and practical significance of the study lies in the fact that its main conclusions and recommendations for the involvement of rural population in tourism activities can be used in the preparation of regional and municipal programs to support and develop rural tourism. Also, these recommendations can be used to achieve the goals specified in the Strategy for sustainable development of rural areas of the Russian Federation for the period until 2030.

Methods of the research

Theoretic and methodological background is modern economics, academic papers of national and foreign scholars in the matter of building labour potential of rural territories.

Results

Employment issues in rural areas are now an important problem for the development of the Russian agricultural sector. The level of employment of the population is the main indicator of the state of the economy, the basis for the welfare of the population and a condition for social stability. Russia is one of the few countries in transition where market reforms in the agricultural sector have led to a sharp drop in production, a decline in the living standards of the population and a sharp increase in unemployment. Therefore, scholarly interest in this topic is justified (Vlasov, 2013).

Over many years of agrarian reforms and ineffective agricultural policy, the skills and quality of the labor force in the agricultural sector of the economy have deteriorated sharply. This means that the upswing in the agricultural sector is not finding an adequate supply of labor. Rural youth, as a potential labor force, are not too eager to live in villages with an undeveloped social infrastructure and work in low-paid agricultural sectors (Shakhramanian, 2016).

The able-bodied and energetic population of Russian villages is constantly moving to cities, which leads to the "desertification" of many rural territories, the loss of traditional national institutions such as rural lifestyle, rural culture, village traditions, etc. The lack of skilled labor in rural areas may become one of the main negative factors in the development of the agricultural sector of the economy in the near future (Trukhachev et al., 2018).

The most effective and proven way to combat rural unemployment and poverty in other countries with economies in transition is to constantly reduce the number of people employed in agricultural production and maximize the number of jobs in addition to the agricultural sector. As foreign experience shows, the problems of employment of the rural population have been solved because of the state policy aimed at creating non-agrarian sources of income, as well as conditions for the formation of an effective supply of labor in agriculture. So far, these issues in our country are often resolved spontaneously, by creating a compensatory mechanism for the personal subsidiary economy of the population. The regions are gradually accumulating positive experience of a program-oriented, differentiated approach to supporting employment and income of rural residents through the development of effective cooperation between

small-scale commodity production and large-scale production (Ivolga et al., 2016).

Most experts agree that the management of social infrastructure and labor resources in rural areas should be aimed at creating effective migration, preserving and attracting young people to rural areas, and generally improving the quality of life of the rural population. The current stage of development of agriculture and socio-economic processes in rural areas, strategic prospects and technology development are accompany by a significant variety of activities, as well as a corresponding diversification of employment (Ivolga & Shakhramanian 2019a).

The problem of sustainable socio-economic development of rural areas is one of the key factors that considers the human resource through the prism of preserving, retaining and attracting the population, especially young people to rural areas. Among these areas of diversification is rural tourism, which is one of the main sources of additional rural employment in the non-agricultural sector.

Foreign experience in the practice and methodology of rural tourism development shows that working with the population is a powerful aspect of rural tourism development. In order to ensure the involvement of the rural population in tourism activities, farm owners must be convinced of the prospects for the development of this activity, only then will they are able to create a tourist product with confidence, moving away from their usual agricultural activities (Trukhachev, 2015).

Rural tourism is an alternative source of employment for the rural population. It may be of interest to both young people and adults. Thus, involving the population in tourist activities increases the efficiency of using the labor potential in rural areas, and creates additional sources of income for the rural population. The analysis of scientific papers and sources of legal regulation has shown that methods of working with the population, ways of involving the rural population in the tourism industry are practically not described.

Rural tourism, as a multi-faceted and complex phenomenon, often requires highly qualified personnel with competencies in the field of service, animation, design of a tourist product and its marketing.

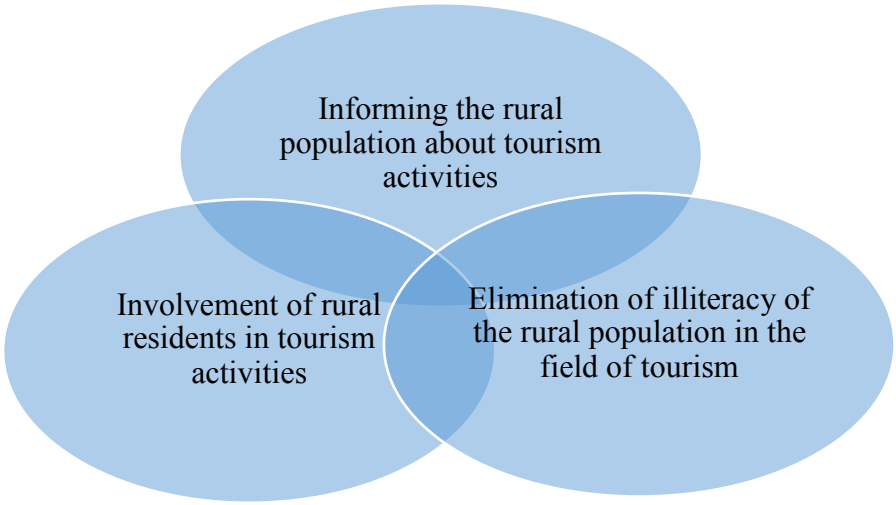
Therefore, from our point of view, the mechanism for attracting rural population to tourism activities should include three components, shown in figure 1. The goals and objectives of this mechanism should correspond to the strategic goals and objectives of the development of tourism and agriculture, regional policy, the education system, and socio-economic development.

In this regard, it is advisable to take into account the provisions formulated in the following directions:

- guidelines concerning the development of the structure of secondary, higher and additional education systems in terms of disciplinary differentiation;
- strengthening career guidance for young people, especially in rural localities;
- target indicators and directions of development of specialized areas of secondary and higher education for strategic industries and clusters in the region;
- formation and development of a system of retraining and advanced training of personnel for the tourism sector in terms of developing the labor potential of the rural tourism system;
- coordination and interaction between participants of the educational process: General and secondary vocational education, higher education and specialized scientific institutes of tourism and agriculture;
- activation of the business environment of rural tourism in the region, including holding various conferences and seminars, integration of rural tourism development issues into relevant professional events;
- formation of mechanisms to stimulate entrepreneurship and support the development of small businesses.

When developing a mechanism for involving rural population in tourism activities, it is necessary to distinguish three subsystems, shown in figure 1, whose symbiosis contributes to obtaining a sustainable tool for attracting the population.

Figure 1: *Structure of the system for educating, informing and involving the rural population in tourism activities*



Source: *Picture compiled by the author*

It is necessary to form a positive attitude of the rural population to tourism in general, to convey to them an understanding of the significance and hidden potential of rural tourism, to show the prospects for the development of tourist activities on their territory. Raising the awareness of the rural population about tourism activities strives to achieve these particular goals.

Activities aimed at disseminating and explaining information about the development and support of rural tourism will contribute to their achievement. It is necessary to focus on the media and other channels of information dissemination that are important in rural areas. We believe that first of all, we need to inform the population through them. The events imply the placement of materials on the effectiveness of rural tourism development (for example, the regions where rural tourism is gaining popularity), about the growth of the main indicators of the development of this industry. It is necessary to convey to the population the idea that there is a huge potential for creating tourist activities in rural areas. Thus, conducting these events will increase the level of awareness of rural residents with regard to events in the field of tourism, as well as prospects for the development of rural tourism.

It is necessary to form a positive attitude towards guests in rural areas, for this purpose the population must be aware of the norms and traditions of

hospitality. In this case, public awareness can be provided through lectures or open classes. It is quite possible to invite specialists from large cities who will tell the rural population about the subtleties of hospitality and teach how to apply its rules when providing service.

In order to "educate" an informed generation in the field of rural tourism, it is necessary to start this procedure with young representatives of the rural population, namely, with school children. Career guidance work will be a worthy continuation of the procedure for informing the rural population about tourist activities. Of course, when talking about career guidance, we can`t but mention the importance of forming a Patriotic attitude among teenagers to their village, which should also be emphasized. Teenagers, as well as other rural residents, can be involved in volunteer activities, where one of the goals will be to conduct events related to awareness.

Promoting the formation of volunteer movements and their involvement in the implementation of projects that contribute to the development of rural tourism in the region is particularly important for socio-economic projects. Such work will help to remove the social tension that logically accompanies the increase in the number of entries to rural areas. In addition, this event will help to develop the human resources potential of rural tourism, and will be able to help enterprises of the rural tourism industry in solving problems of attracting labor resources on a temporary basis.

To help create an authentic rural tourist product, it is necessary to attract historians and local historians who have very important and useful information about the village, which is often unknown to residents. This data will allow local residents to develop interesting routes, entertainment programs, and a new product.

Thus, we see that informing rural residents about tourism activities contributes to the development of the human potential of rural tourism.

The aim of educating the rural population of the region is to develop knowledge about the cultural and historical heritage of the rural area of the region, its natural potential, as well as the development of a system of continuing education in the field of rural tourism. Activities related to increasing the availability of rural tourism education in the region at all levels will help to achieve this goal.

The educational programs should include disciplines focused on the formation of knowledge about the tourist and recreational potential of rural areas in the region. It is also necessary to conduct field events in local history museums, cultural centers of local regions. This interesting form will allow young people to form knowledge about the richness of their area. Moreover, we believe that it is at the stage of primary education that young people interested in the development of tourism are identified. In the future, successful representatives should be provided support when entering the system of specialized tourist education.

The mass outflow of young people and young families from villages is also because children have nowhere to study. Experience shows that some villages of the Russian regions have schools with an educational program only from grades 1 to 4. After primary school, rural students have to travel to larger cities where they can continue their education. Moreover, there are no higher educational institutions in the villages. As for secondary vocational education institutions, there are very few of them in the villages.

In this regard, we say that it is necessary to support school education, specialized education, training and retraining of personnel for organizations of the tourism industry. Thus, the tourism infrastructure will be developed in the village, and the resources (labor and information resources) of tourist enterprises will increase.

The modern educational process needs to be significantly supplemented with certain issues related to the development and support of rural tourism. Note that the modern system of higher and secondary education does not provide targeted training for rural tourism specialists, and this may not be appropriate. However, we cannot agree that the need for training in this direction can become the basis for the development of a network of regional resource centers for additional education in the field of tourism in rural areas.

In addition to introducing new disciplines into the educational program, it is necessary to conduct field events aimed at solving issues of entering the tourist industry market, organizing tourist activities in rural areas, and so on.

It is very important for the heads of tourism regulatory bodies at the municipal level, as well as for business entities in rural tourism, to be legally well informed. Tourist activities are constantly developing, and this

directly affects changes in the legislative sphere. Therefore, it is necessary to conduct consulting activities on changes in legal acts.

Educational work in rural tourism covers different forms and levels, which indicates that the importance of the relationship between the participants of the educational process is significantly increasing. As already mentioned, the educational system in the field of tourism requires innovations and significant additions. Improvement of educational programs is possible by organizing regular meetings of representatives of educational institutions in the field of tourism and representatives of leading enterprises in the field of rural tourism.

Most people are afraid to start doing business in the village, as they ask serious questions that they do not have answers to. To educate the population of rural areas, it is necessary to create an information and consulting center that will first of all be able to answer the main questions related to:

- formation of rural tourism product and optimization of business models of its development;
- marketing support of tourist products (including branding), sales organization, positioning and promotion;
- using innovative technologies in rural tourism;
- preparation of applications and materials for grants, subsidies, and other forms of support for Federal / regional / local tourism administrations, participation in competitions, and so on.

The involvement of the population in tourism activities makes it possible to form and develop the necessary human resources for rural tourism. In part, it solves the problems of employment and quality of life of the rural population, as well as contributes to the development of non-agricultural activities in rural areas. In this direction, effective measures are aimed at activating the enterprises of the rural tourism industry, improving the image of tourist professions, and stimulating employment in the field of rural tourism in the region.

You can encourage rural tourism industry enterprises and rural entrepreneurs to be active by holding various competitions, the result of which will be the assignment of the "Best ..." status. It all depends on the imagination, it can be, just to name a few options, a competition for the best enterprise of the rural tourism sector, the best rural tourist route, the best souvenir, and so on.

To motivate the emergence of new ideas, a new authentic product, it is worth organizing competitions for the best projects to create them.
An important role in attracting rural residents to tourist activities is the organization and holding of thematic events, concerts dedicated to calendar holidays, organization of competitions and other events of event-based rural tourism.

The assessment of activities aimed at educating, informing and involving the rural population in tourism activities can be expressed in the following indicators:

- increase in the number of people employed in rural tourism;
- number of new projects in the field of rural tourism;
- number of rural residents who have received training/retraining in rural tourism development;
- the number of events for various purposes (business, educational, propaganda) aimed at involving the population in the rural tourism industry;
- increase in the number of people employed in related industries in rural areas.

Based on the above, a system should be developed that determines the procedure for attracting rural population to tourist activities.

1. Informing the rural population about tourism activities.
    1.1. Publication in the media of materials on the effectiveness of tourism development in the region, the experience of rural tourism development.
    1.2. Informing the public about events, industry news, and hospitality values.
    1.3. Career guidance work with students to obtain professions in the field of tourism, the conclusion of targeted contracts.
    1.4. Development of measures to form a Patriotic attitude towards the region and rural areas in the young generation.
    1.5. Assistance in the formation of volunteer movements and their involvement in the implementation of projects aimed at the development of rural tourism in the region.

2. Education of the rural population in the field of tourism.
    2.1. Education of young people (development and support of tourist and local history activities of schoolchildren and students;

promotion of youth entrepreneurship and involvement of young people in business activities in the field of rural tourism).

2.2. Organization of on-site training events for specialists in the field of entrepreneurship and rural tourism (on entering the tourist market, organization of hotel types of tourism, safety of tourist activities in rural areas).

2.3. Ensuring coordination between participants in the educational process in the field of rural tourism (meetings of representatives of educational institutions, employers and authorities in the field of tourism).

2.4. Support of specialized professional education, training and retraining systems for tourism enterprises, integration of rural tourism development issues into the educational process.

3. Involvement of rural population in tourism activities.

3.1. Organization of annual competitions between organizations and individual entrepreneurs for the best enterprise in the field of rural tourism, "the best eco-route", "the best rural tourist product", "the best guesthouse", "the best peasant farm".

3.2. Organization and holding of holidays, contests, events and competitions in rural areas dedicated to memorable dates.

3.3. Holding a competition for projects for the development of rural routes/products.

3.4. Guaranteeing organizational and informational support for projects in rural tourism.

In addition to the proposed mechanism, we also offer municipal tools to ensure the sustainability of rural tourism.

The strategy for creating jobs is to create services around rural tourism that require the creation of local businesses to operate them, which will then open up to a wider market. In this way, rural tourism will become the driving force of these enterprises, which in some cases will lose all connection with it. All this done through a process that we move to detailing and creating some tools by the municipality.

The implementation of the local development plan requires the municipality to create certain tools that make this possible:
a) establishment of a local development Agency: this is a key tool for coordinating training and job creation efforts. The Agency should be responsible for the training process and have the following responsibilities:

- identify unused resources and, in particular, uninhabited homes that can be converted into rural cottages.
- development of projects for obtaining food subsidies.
- a scholarship for employment with graduates of shop schools and other specialists of the commune in conditions of unemployment.
- technical assistance in developing local enterprise development projects.
- assistance to local businesses in obtaining subsidies.

b) the creation of a tourism product in which local agents act as actors requires the parallel creation of promotion and marketing mechanisms for this product. Indeed, it is useless to persuade home owners to make an effort to restore them in order to get additional rents, unless at the same time funds are offered to attract tourists who will use it.

To cope with this situation, you need to create a municipal enterprise with several functions:

- development of a comprehensive rural tourism product that includes the offer of quality housing and a programme of additional activities adapted to the needs of this tourism sector and the rural nature of the local culture.
- take into account the heritage resources that have been allocated by the local development Agency in order to integrate them into the tourism product.
- conducting events to promote and market this tourist product.
- restore buildings that are to be converted into rural housing, as well as furniture, by hiring employees from the local development Agency's labor exchange.
- strictly control the quality of all product elements.
- customize new products by combining various elements that can be converted into travel resources.

c) establishment of a municipal Fund for subsidizing the costs of receiving subsidies.

d) establishment of a business incubator.

e) tax incentives: municipalities need to provide some tax incentives for small businesses.

All of these elements that contribute to the creation of jobs in rural areas through rural tourism, carried out in the framework of this activity, which takes into account some basic principles. Specifically participation of local population in this process, in which the owners, cultural and environmental associations, artisans, farmers, local entrepreneurs have the right to vote, respect historical and environmental heritage, preservation of local traditions and culture, restoring traditional professions. We are convinced that rural tourism can be a suitable way to create jobs, diversify the rural economy, and that the commune is an ideal place to promote it.

Conclusion

The use of this mechanism will solve an important socio-economic problem of the village – the problem of human resources, namely, the preservation, retention and involvement of the population.

The involvement of the population in tourism activities allows us to form and develop the necessary personnel potential of rural tourism, as well as partially solve the problems of increasing employment and quality of life of the rural population, the development of non-agricultural activities in rural areas.

Experience shows that measures related to increasing the activity of enterprises in the rural tourism industry, improving the image of tourist professions, and stimulating employment in the field of rural tourism in the region are effective in this direction.

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VARIOUS SOURCES OF FINANCING THE DEVELOPMENT OF RURAL TOURISM IN THE REPUBLIC OF SERBIA

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Abstract

Despite the great potential and numerous comparative advantages, rural tourism in the Republic of Serbia is still underdeveloped. One of the main limitations of this development is the lack of appropriate financial resources at bothnational and local level. The aim of this paper is to explore development and current state of rural tourism and present different sources of its financing in the Republic of Serbia. The research concluded that current financial support is not adequate and that new and alternative modalities of financing rural development are crucial for further development of this sector. Based on the analysis authors identified and suggested other possible sources of financing and course for reaching sustainable growth in the industry.

Key Words: *Rural tourism, Sources of financing, Republic of Serbia, Agriculture*
JEL classification: *R51, L83, Q12*

Introduction

Rural tourism is a significant and growing form the tourism sector that generates a positive effect on rural areas and overall economic performance. It is seen as one of the main drivers of the advancement of rural areas especially in the developing countries and countries with big regional inequalities. According to Kusen (1995), rural tourism can refer to many possible kinds of tourism like: tourism on a farm, residential tourism, homeland tourism, sports and recreational tourism, adventurous tourism, health tourism, camping tourism, cultural tourism, religious tourism, hunting tourism, fishing tourism, wine-tasting tourism, gastronomic

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tourism, eco-tourism. Rural tourism encompasses a huge range of activities, natural or manmade attractions, amenities and facilities, transportation, marketing and information systems (Sharpley & Sharpley, 1997). Besides of the positive economic aspect, it is important for preserving the regional culture and national identity as well as improving social wellbeing of the local population. Therefore it requires strong government support, concrete development strategy and funding schemes in order to become sustainable and reach its full potential.

Lack of financial support has been identified as one of the main obstacles of rural tourism development in Serbia. According to Drabenstott and Meeker (1997) the ventures operating in rural areas, particularly in tourism, face higher difficulties in accessing finances compared to similar urban businesses. They get less competitive financial offers; there are few suppliers of funds and thus fewer financial products and services adequate to local particularities.

There are several sources of financing rural tourism in Serbia and the most common are government sources, pre accession funds of the European Union and self-financing. The state of rural tourism in Serbia clearly indicates that there is a need for the systematic approach to this problem and alternative sources of financing. There are other potential ways of financing with very good results in other countries which should be explored, further developed and introduced.

Rural tourism in Serbia

Based on the Organization for Economic Cooperation and Development (OECD) classification, around 85% of the territory in RS is considered rural where almost half of the total population of Serbia lives. Leading activity with a long tradition within this area is agriculture which plays an important role in the economic structure of the Republic of Serbia. In 2018, the sector of agriculture, forestry and fishingmade 6.3% of GDP and out of total employed in Serbia,17.4 % were deployed in agriculture (Statistical Office of the Republic of Serbia, 2019).

Despite the obvious significance of this sector to major macroeconomic aggregates, in the past decades rural areas and agricultural activitiesin Serbiasuffered a constant decline.Basic problems and trends that almost all rural regions share are migrations towards urban areas, poordiversification of economic activities, extensive agriculture, high level of unemployment,

lack of employment possibilities, poor and underdeveloped infrastructure, low GDP per capita in comparison to the urban regions and unpolluted environment faced with potential threats (Medojević et al., 2011).

Table 1: *Number of agricultural holdings in the Republic of Serbia by region*

	Total	**Belgrade**	**Vojvodina**	**Sumadija and West Serbia**	**South and East Serbia**	**Kosovo and Metohija**
Total surveyed	104,922	100,93	23,214	40,200	31,415	-
Not engaged in agricultural production	7,770	761	2,034	2,026	2,949	-
No longer engaged in agriculture but was engaged in the period 1.10.2017-30.9.2018	398	34	70	113	181	-
Abandoned house-extinguished farm	3,227	264	755	1,226	982	-

Source: *Statistical Office of the Republic of Serbia, 2018a*

InTable 1 we can see that there are 3,227 deserted agricultural holdings as well as 8,168 holdings that are not involved in agriculture. We can conclude that 2.7% of deserted agricultural holding means that every 37th holding is deserted. This is a very significant number and it confirms the trend of depopulation and dying out of the villages. The core economic and social problems of rural regions failed to be addressed and no mechanisms were created which would encourage the potential of those regions. However, the experience from a number of countries shows that agriculture can no longer be seen as the "engine of growth" for rural development; instead a wide spectrum of activities based on the broader potential of rural regions must be initiated and nurtured (Bogdanov, 2007).

Economic diversification is a strategic objective which will lead to economic growth in light of global economic conditions especially within

countries with predominant economic activity in decline. (Stakić et al., 2019).This data (Table 1) clearly indicates that Serbia faces the same problem and needs program followed by an action plan for the diversification of rural economy. One of the most promising strategies to overcome this problem is the diversification of rural economy with very significant role for tourism and combined entrepreneurship activities.The main purpose of rural tourism is to generate additional income of rural population, covering range of tourism attractions, services and secondary activities provided by the rural population and private household (Vukosav et al., 2018). Further, it will directly contribute to enhancing the overall economic performanceof the country and reduce inequalities in the distribution of resources between urban and rural areas. Also, rural tourism can propel self-employment, lower the poverty and encourage entrepreneurship especially among women and young people. One of the main obstacles for faster growth and development of the economy of Serbia is the lack of utilization of the female labor force. (Tosovic-Stevanovic & Jovancai-Stakic, 2018) .

The advancement of rural tourism, mainly village tourism sector started in the 1970s while Serbia was a member of a former SFRJ. Only several rare cases of rural tourism occurred since othertypes of tourism were popular and in high demand. In the next decades political and economic situation was unfavorable and it had a negative effect on the overall economic performance, infrastructure and social movements. After the political changes in Serbia in late 2000, there was an increase in GDP, decrease in public debt which created a positive environment for government investments and it lasted until the second half of the year 2008, when due to financial and economic crises it recorded a decline. (Gnjatović et al., 2013). During this time rural areas and tourism came back in focus and legal and regulatory framework has begun to develop. In the Strategy for Tourism Development (2016) rural tourism has been identified as one of the priorities. In 2011 the UN Joint program "Sustainable Tourism as a Function for Rural Development" significantly contributed to the further development of rural tourism. The key activities of this program were: advising on public investment in order to create national and international partnership between public, civic and national organizations; strengthening the capacity of rural tourism entrepreneurs, tourism organizations and NGOs; supporting local projects through the UN Joint Fund for sustainable Rural Tourism. (UNDP, 2011)As the result the Government adopted Sustainable Rural Tourism development program with the aim to develop rural tourism for the purpose of diversifying the rural economy through

poverty reduction, improving the quality of life, preserving the country's cultural wealth, protecting the environment and more balanced regional development. In the same year The National Rural Tourism Master Plan was developed as the key component of the UN program.

Currently, the main strategic document for rural development is the Strategy of Agriculture and Rural Development 2014-2024, and for rural tourism are: Strategy for Tourism Development of the Republic of Serbia 2016-2025; National Master Plan for the Development of Rural Tourism; Strategic Master Plan of Destination; Program for Development of Sustainable Rural Tourism in the Republic of Serbia; Tourism Development program of the Autonomous Province of Vojvodina 2018-2022.

We can conclude that rural tourism plays an important role in development of tourism in general. However, despite significant legislative and regulatory transformation, Serbia is still very far from using its full potential in thissector. The current state of rural tourism cannot be compared with this type of tourism in European countries with a similar length of development period. The reasons for this are numerous factors on both sides-the supply and the demand side. These are, above all, political, economic, social, legal and regulatory, institutional, organizational and management factor. (Radović et al., 2018).

It is challenging to analyze the development of rural tourism in Serbia due to insufficient information and data on capacities, number of tourists and overnight stay and contribution to tourism and economy in general.Based on the latest data (Table 2) we can conclude that there is no steady growth of rural tourist households.

Table 2: *Rural Tourist Households and facilities in the Republic of Serbia for the period 2014-2018*

Year	Total	Spas	Mountain resorts	Other tourists resorts	Other Resorts
2014	502	-	-	26	476
2015	383	98	92	141	52
2016	583	104	98	331	50
2017	675	104	120	390	61
2018	616	23	155	391	47

Source: *The authors, based on: Statistical Yearbook of the Republic of Serbia, 2015, 2016, 2017, 2018b, 2019.*

According to the Strategy for tourism development (2016), out of total 18 tourism destinations,15 of them were identified to have rural tourism as the key product: Western Serbia, Kragujevac and Pomoravlje, Upper Danube with Bačkacanals, Lower Danube, Aranđelovac and Topola, Golija, Novi Pazar and Ivanjica; Divčibare and Valjevo; Niš and Niška Banja, Vlasina, Vranje and Vranjska Banja, Stig and Kučajskeplanine; Banat and Vršac; Staraplanina; Podrinje, Loznica and Banja Koviljača. All identified destinations have a great potential for developing rural tourism by offering different key products like cultural thematic routes, ecotourism, ethno tourism, health tourism, sports tourism, wine and gastronomic routes and other.

By analyzing resources required for the development of rural tourism we can conclude that natural resources are the main factor promising success. There is a great diversity and high attractiveness of natural resources including the pristine nature, clean air and unspoiled landscape. Serbia is also well known by the cultural content including different manifestations and festivals followed by great opportunity for staying in authentic accommodation and experiencing traditional Serbian hospitality.
Despitethe great natural resources as the most important precondition, rural tourism is still underdeveloped in Serbia.

Based on the latest tourism development strategyone of the main weaknesses is the absence of effective cooperation between ministry departments in the planning and implementation of development programs in the tourism industry, especially in terms of coordination in the development of road and utility infrastructure and rural tourism.

Also, it is necessary to mention that rural tourism in Serbia still lacks adequate human resources that are up to date with the needs of modern rural travelers.Particularly low educational structure of human resources involved in the provision of services in rural tourism can be considered as one of the most important factors that hinder the economic development of rural areas as it is in it reason for the low entrepreneurial potential of rural residents. In support of this statement speaks official statistics according to which 97% of the rural population has not attended additional training programs and 54% have no specific knowledge and skills, as well as the fact that in Serbia there are still no systematic training programs and education of the rural population in the provision of services in rural tourism (Premović, 2016).

Another limiting factor for the development of rural tourism is underdeveloped infrastructure in rural areas.Primarily, there are accommodation facilities followed by communal and transport infrastructure and tourist signalization as well as telecommunications and electricity supply in some remote areas. The most serious identified problems are lack of alternative roads, poor municipal infrastructure, water supply, sewage network, local roads, cycling infrastructure and waste management system.

For the further advancement of main factors for development rural tourism in Serbia, it is necessary to have continuous sources of financing for all mentioned categories. It is necessary to define the method of financing of rural tourism offer in the narrow sense (accommodation and hospitality) and infrastructure, education of rural tourism operators as well as the development of tourist attractions, promotions and sales channels. (Radović et al., 2018).

Sources of financing rural tourism in the Republic of Serbia

Financing is the essential component and precondition for successful development of any economic activity. Investment and financing has an important role to play in the development of sustainable rural tourism in Serbia. The most conventional and popular sources of financing rural tourism in Serbia are:

1. Self-financing
2. Pre-accession funds of the European Union
3. Donations, grants and other international sources of finance
4. Government financing
5. Commercial bank loans

Self-financingis the most popular and frequent way of financing rural tourism in Serbia especially agritourism as a predominant form of rural tourism. This means that house holding or a firm generates capital from its own income instead of acquiring it from external sources such as investors or lenders. There is also a possibility of combining self-financing with other sources like bank loans and government subsidies.

In this case it is important to highlight the causality between the financing the agriculture and rural tourism, especially village tourism since they are complementary economic activities. The idea is that agricultural activity

will provide primary funds for self-financing the development of rural tourism and later can be the other way around.

Self-financing is the simplest way to finance a project without complicated procedures and it will allow the investor to retain full ownership of the business and control over the finance options. But there is also a disadvantage of this model firstly because the entrepreneur is the only one at risk and also because limited resources can obstruct the growth of the venture.

The Republic of Serbia admitted a status of candidate on March 1st, 2013 and won the right to use Pre-accession funds of the European Union. The instrument for Pre-Accession Assistance-IPA is the mechanism created by EU to efficiently deliver aid to the Western Balkans and Turkey.

Currently IPA II program is active for the period of 2014-2020 with funding of 1.539,1 billion euros allocated for Serbia. One of the priority sectors for funding is Agriculture and rural development (IPA, 2020).

Cross-border cooperation program is an instrument of the IPA program for support of cross-border cooperation between candidate countries, potential candidate countries and EU member states. It provides financial assistance in their efforts to encourage political, economic and institutional reform.The main target of this projects are economic cooperation, development of sustainable tourism and agriculture, youth and education.In IPA II period Serbia takes part in eight cross border and transnational cooperation programs with following countries: Hungary, Romania, Bulgaria, Croatia, Bosnia and Herzegovina, Montenegro. Also, the first call for proposals under the Serbia-Northern Macedonia cooperation was presented in July, 2019. Serbia is also a member of Adriatic-Ionian transnational program and Danube transnational program. Since 2004, there have been over 3,500 projects proposals submitted. Over 800 projects, implemented by some 500 Serbian organizations, have received funding. Over e 91 millions have been contracted (Cross Border and Transnational Cooperation in Serbia, 2020).

Many of these projects are focused on development of rural tourism. One of the successful project is "Eco Tamiš" as a result of cross border cooperation with Romania. The main objective of the program was to define and develop new touristic product "Eco Tamiš" by improving the infrastructure, building capacities of stakeholders and promoting new

touristic product. The value of the donation was 827,745 euros and leading partner was Centre for volunteers and nature conservation movement of Pancevo (CSB Romania-Serbia, 2020).

Part ofthe Instrument for pre-Accession assistance (IPA), designed to support reforms in countries in the process of joining the EU,the instrument for pre-accession assistance for rural development (IPARD) focuses on rural areas and agri-food sectors of those countries. Through this tool, the EU provides the beneficiaries with financial and technical help with the aim ofmaking their agricultural sector and rural areas more sustainable and aligning them with the EU's common agricultural policy.

Financing of rural tourism is implemented via measure 7 "Farm diversification and business development" intended for rural business and farming families seeking to develop non agricultural activities. Far reaching goals of this measure is diversification of economic activities in rural areas followed by creation of new jobs and overall increase in quality of life of rural communities. Incentive funding program for rural tourism development from the EU IPARD program will provide 18 million EUR for the development of rural tourism(IPARD, 2020).Assets from the fund can finance up to 65% of the planned investment. The first call for measure 7 was planned for the end of 2019, and postponed for the beginning of 2020. In the meanwhile, a broad promotional and educational campaign has been organized in order to inform, incline and encourage potential users and help them to apply for funds.

During the past years Serbia received different types and volumes of financial aidfor the development of rural tourism mostly in form of donations and grants.The donors were various international development agencies and financial institutions.

The US Agency for International Aid (USAID) invested over 350,000 USD through the economic security program in development of private tourist offer and tourist potential of Prijepolje. The aim of the program was to improve competitiveness of the prospective small and mid-sized enterprises and tourist organizations and to promote it as an attractive tourist destination.

One of the successful examples is Program"Rural and Regional Development Support to Serbia" implemented from 2015 to 2019. Program strived to pilot functional approach to rural-regional development in

targeted regions:Sremski and Macvanski Districts and Kolubarski and Sumadijski Districts.Program was financed by the Swiss Agency for Development and Cooperation – SDC and implemented in close cooperation with the national key partners Ministry of Agriculture and Environmental Protection (MoAEP) and Ministry of Economy (MoE), Overall budget was 3,699,700CHF, out of which 1,620,000CHF is allocated for financing of rural-regional initiatives. (RRDS, 2020). Official strategy of cooperation between Switzerland and Serbia for the period 2018-2021 identifies rural development as one of the main goals.

Donations provided by the Millennium Development Goals Achievement Fund of the Government of the Kingdom of Spain within the UN Joint Program Sustainability in the functioning of Rural Areas. The fund provided four million US dollars for the implementation of the program which began in December 2009 and lasted until the end of 2012. It was implemented in parts of the Central and East Serbia and South Banat region. At national level the goal was to develop a legal framework and policy for development of rural tourism while at the local level aim was to link all stakeholders and align their capacities (UNDP, 2011).

The role of the government is essential and it needs to provide encouraging environment as well as adequate and continuous financial support. Public sector involvement in financing sustainable tourism developmentis essential to unlock finance, provide incentives and build capacities. Government support for rural tourism in Serbia is realized through non-repayable financing and stimulating macroeconomic policies. The organized financing process went through certain stages and it was allocated through several institutions mainly Ministry of Agriculture, Forestry and Water Management and Ministry of trade, tourism and telecommunications.

The Ministry has the authority and responsibility to manage most of the resources for rural development and rural economy, including rural tourism. Mainly, the reason for this is the causality between the financing the agriculture and rural tourism since they are complementary economic activities. Recognizing the interdependence of these two branches of economy and the need for diversification of rural economy Ministry of Agriculture introduced the support for rural development in the structure of agrarian budget. For this purpose, in 2004 Ministry introduced a budget line and in a next few years supported several projects and investments including those targeting rural tourism.

In 2013 the Government of Republic of Serbia introduced the rulebook for the Incentives for improving rural economic activities through support for non-agricultural activities and this was the new instrument for the development of rural tourism. The rulebook was supplemented in 2019 and incentives included investments in sector of rural tourism like: investment in construction; upgrading, adaptation, investment and ongoing maintenance of infrastructure; procurement of equipment for the provision of catering services in authentic catering establishments or rural tourist households according to regulations governing tourism and catering.Also, incentives include investments in sector of arts and crafts, or domestic crafts like procurement of equipment and tools for performing activities that are considered to be old and artistic crafts (Official Gazette of the Republic of Serbia, 2019b). Incentives are realized on the basis of the competition announced for each year by the Ministry of Agriculture-Directorate for Agrarian Payments. After the two year break the competition was announced again in 2019. Incentives were determined in the amount of 50% of the value of the investment minus the value of value added tax funds or 65% of this value if the investment is performed in an area with difficult working conditions in agriculture. The maximum amount of incentives per beneficiary for investments in the rural tourism sector is RSD 3,000,000 (Official Gazette of the Republic of Serbia, 2019b).

The support from the Ministry of trade, tourism and telecommunications to the development of rural tourism, in addition to favorable loans for which farms can apply offers grants to the local governments. These funds are allocated for the purpose of construction of access roads, land development intended for general recreation in tourist places (pedestrian, training or bicycle paths), erection of tourist signs in tourist areas, as well as construction of communal infrastructure (water supply, sewage, parking lots, etc.). Also,Ministryallocates funds for encouraging the quality of tourism by announcing a public competition and it is implemented through the Development Fund of the Republic of Serbia.Some of the main goals of the competition are: improving the quality of tourist offer and intensifying its use by restoration of rural facilities and their conversion into tourist facilities; construction of tourist infrastructure; harmonization of tourism capacities with the law governing tourism and catering. The share of the loan funds in the project cannot exceed 50% of the total project value. Credit can be used to finance working capital. The loan repayment period is 72 months after the grace period of 12 months. The minimum amount of credit granted to farms, entrepreneurs and micro-legal entities is

RSD 500,000 and for the other companies it is RSD 2,000,000 (Official Gazette, 2019a).

Provincial Secretariat for Economy and Tourism of autonomous province of Vojvodina allocates grants to economic entities to co-finance projects of the national interest for the development of tourist potential and tourist offer of Vojvodina. The funds are intended for: Improving the level of quality and capacity of tourism infrastructure, services and additional tourist content, improving the quality of services and capacity of hospitality facilities.

Long-term loans for the development of rural tourism subsidies for the holders of a commercial family agriculture household in 2018-2019 was from 300,000 to 10,000,000 dinars with 1-4% annual interest rate, 7 years repayment period and 2 years grace period (The Official Gazette of the Autonomous Province of Vojvodina, 2018)

Although sometimes inevitable, commercial bank loans are another available but not very popular source of financing rural tourism in Serbia. Interest rates, long and costly application process and collateral requirements of the banks providing loan can be very discouraging for the borrower.

Other possible sources of financing

Current sources and the quantity of funds for the development of rural tourism are neither adequate nor sufficient for Serbia to reach its potential in this tourism branch. It is necessary to explore, introduce and further develop other sources and modalities of finance and based on the available literature (Njegomir et al., 2017; Radović et al., 2018) there are many options.

Business angels are investors who place their capital in new businesses/start-ups and in that way help the entrepreneurs who are not able to provide funds in different way. These investors can also help with professional expertise and adequate contacts that can propel certain business or project in exchange for co-ownership. This modality of financing is not yet fully developed in Serbia and rural tourism can be very interesting economic activity for this type of investors both national and international.

Microcredits are another source that gave excellent results in developing rural tourism in many countries. The main goal of microcredit is to associate social and economic objectives and help new entrepreneurs who cannot access to the traditional banking system. Microcredits can enable borrowers who lack collateral, permanent employment or a credit history to proceed with their business venture. Microcredit organization usually gives very small loan and provides follow up with a client often followed by education and consulting services.

Financial Securitiesare another possible way for financing rural tourism. Serbian financial system is bank-oriented system with more than 92% of financial assets concentrated in commercial banks. Thus, development of financial markets, especially stock exchanges, is on the low level of implementing basic functions of transferring, allocation and optimal price determination of borrowing. One of the fundamental problems is very low liquidity, lack of qualitative stocks and bonds and insufficient role of institutional investors (Stakić et al., 2016). Considering one of its strategic views related to capital markets' development (part of the Chapter 4 of EU Accession Negotiation), Serbia has to adequately consider issuance of various types of financial securities which will serve as a necessary financing source for rural tourism. Municipalities with rural tourism prospects should use the macroeconomic environment of ultra-low interest rates to bolster the financial market development. This can be achieved by issuing municipal bonds, with tax-exempt status, in order to attract thecapital needed for local investments, primarily in the communal and touristic infrastructure. Furthermore, companies with solid financial performance and credible credit history might be given the incentives to issue corporate bonds, as a replacement for traditional banking loans. In that way, investors will directly align their interest with the development of rural tourism in their regions and, at the same time, they can earn higher yields than placing their surplus in time deposits.

Tourism is growing industry that needs to adjust to new technological trends not only in tourist offer but also in ways of funding. Having in mind that rural tourism is not sufficiently supported with previously mentioned financing schemes there is a growing need for more innovative and efficient financing strategies.

Joint ventures between Communities and Tourism Investorsare getting more and more popular all over the world. A joint venture is a business entity created by two or more parties characterized by shared ownership,

shared returns and risks and shared governance. Joint venture between a community and tourism investor it is a business arrangement between a private company and rural community for commercial utilization of an area's natural resources like land or culture. This is an emerging trend in tourism where partners can achieve synergy and better use of resources. Venture capital can also include managerial and technical expertise which can be excellent solution for the gap in demand for adequate human resources for rural tourism in Serbia.

Equity/Reward based Crowdfunding gives an opportunity to investors from the "crowd" or investing community to invest in a project or a household in exchange for shares. Sometimes a part of service, or a hole service (free holiday, discounts) can be offered in exchange for investment and in this case we are talking about Rewards-Based Crowdfunding. This new and modern method is generally facilitated online by the intermediator and it allows user to collect funds from many investors while diminishing transaction costs in a shorter time than bank loans.

Peer to peer lendingis a form of debt crowdfunding also known as crowd lending. It matches people who want loans with people who are potentially willing to fund those loans. Borrowers list the details of their request like the needed amount and the intended use on a peer to peer lending website. Lenders browse the website to decide which loans to invest in.

According to OECD (2017) although not yet much used in tourism these models offer considerable potential as a source of capital for rural tourism. This innovative finance techniques creates a network of investors and spreads the financial risk. These approaches are also serving the double purpose of providing finance and supporting local development: people invest in project they care about and help local businesses to create jobs.

Conclusion

Rural areas in Serbia are facing major challenges in overcoming a problem of decline in agricultural activities, poor diversification of economic activities, unemployment, devasted infrastructure and many more. Ruraltourism has been identified as one of the main drivers for the development of rural areas and social wellbeing of local communities. Although it has gone through several stages of development and has the great potential, rural tourism in Serbia is still undeveloped. The main limitations for further development are inadequate human resources

involved in rural tourism, devastated infrastructure and the lack of financial resources. Based on the analyzed data there are several sources of financing that entrepreneurs or local governments can use to improve tourist offer but mostly used is still self-financing. The reason for this is inadequate offer of favorable financial sources for this sector, lack of continuity in government financial support and insufficient quantity of funds.

There is a great opportunity in long expected IPARD funds for the development of rural tourism through measure 7 but it is not permanent solution. Serbia needs a systematic approach to this sector followed by a financial support and capacity building. New and alternative ways of financing need to be explored by the government and empowered by legislative in order to further support development of rural tourism. All of the mentioned sources of financing have been giving very good results in many countries especially in rural tourism. Having in mind that Serbia is doing great efforts to modernize the financial sector good results and more financial options for rural tourism development are expected in the near future.

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MODEL OF TOURISM MANAGEMENT IN AP VOJVODINA AND ITS IMPACT ON REGIONAL DEVELOPMENT

Vladimir Jovanović[1]

Abstract

The specific model of tourism management in AP Vojvodina derives from its multiculturalism, characteristic tourist resources, authentic lifestyle, multilingual structure and openness of the local population. In the area of AP Vojvodina, tourism management is realized through the activities of the Provincial Secretariat for Economy and Tourism, Vojvodina Tourist Organization and 44 local tourist organizations. The realization of their competences and tasks in the field of tourism contributes to the achievement of a balanced regional development. The Tourism Development Program of the Autonomous Province of Vojvodina for the period from 2018 to 2022, through a strategic and systematic approach aims to achieve multiplicative effects on overall socio-economic development, which resulted in the need to analyze the features and possibilities of improving this model of tourism management, and in particular its impact on local and regional development.

Key Words: *Model of tourism management, AP Vojvodina, Regional development*
JEL classification: *K19, R58, Z32*

Introduction

Tourism has long been regarded as a side effect, more precisely, a result of social and economic development. However, the first significant research has shown that tourism is not only a result of economic prosperity but also a significant factor in economic growth and regional development.

According to the World Travel and Tourism Council and the World Tourism Organization, tourism as an industry is affecting economic growth in many ways, and above all, through stimulating consumption resulting

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from this activity, and in that sense commercial tourism generates about 10% of global GDP and creates 284 million jobs (Bogetić et al, 2017, p. 97).

Cohesion between globalization processes, emerging technologies and increasing competitiveness through lowering prices of tourism services is the basis for the emergence of new tourist destinations in developing regions and a new chance for international tourism (Vujović et al, 2012, p. 43). In this context, tourism is a mechanism for stimulating the economic development of certain regions where tourism potentials exist or can be created. Bearing in mind that in the Republic of Serbia, industry and other commercial sectors are not equally developed in all parts of the country, it is clear that tourism should be used as a basic instrument for achieving the prosperity of different regions.

The legal framework of the Republic of Serbia in the field of tourism is the basis for the development of tourism and related industries. According to the Tourism Development Strategy of the Republic of Serbia for the period from 2016 to 2025, the weaknesses of the tourism in the Republic of Serbia arise from the incoordination and inactive role of local authorities, which affects competitiveness in this field. In this sense, it is necessary to overcome these obstacles in order to capitalize on the opportunities that this commercial field provides and meet the requirements of the modern tourism market, thus fully realizing all the effects that tourism has on socio-economic, regional and local development, as well as on the development of complementary commercial activities (Tourism Development Strategy of the Republic of Serbia for the period from 2016 to 2025 ("Official Gazette of the RS", No. 98/2016)).

According to the Law on Regional Development, regional development is a long-term and comprehensive process for the promotion of sustainable economic and social development of regions and local government units, taking into account their specificities (Law on Regional Development "Official Gazette of RS", Nos. 51/2009, 30/2010 and 89/2015 - other law), Art. 4). Hence, regional development should be understood as a process that involves the advancement of different areas and activities of a particular region or units of local government, thereby achieving sustainable economic growth and contributing to the prosperity of the society as a whole, while respecting all their local and regional specificities.

Autonomous Province of Vojvodina (AP Vojvodina, henceforth) is a territorial unit characterized by a number of specific demographics, cultural and historical features that are reflected in different tourism opportunities.The model of tourism management in AP Vojvodina arises directly from these specificities and is defined by the Constitutional and legislative framework.In that sense, the focus of this paper is tourism as a matter of special interest for the Province, in other words, the model of tourism management in AP Vojvodina, with special emphasis on its impact on regional development and on the possibilities of improvement of this area in order to contribute to the exploitation of full tourism potential of this region and an opportunity for effective impact on economic growth.

Authentic and delegated competencies of the provincial government in the field of tourism

The distinction of a particular part of the territory in national, historical, economic and other matters reflects the sense of territorial autonomy, and "the right of narrower territorial units to exercise legislative power in material sense in those fields with certain particularities of interests or needs strengthens also with adequate sources of income and other instruments of impact on the state in these fields." (Golić & Počuča, 2017, p. 772). Taking into account all the specific features that characterize AP Vojvodina in terms of geographical, historical and demographic aspects, it is clear that tourism is an area for which there are special provincial interests, meaning that tourism is a commercial area where there is a greater need for decentralization.

The competencies in the field of tourism are divided between the state, autonomous provinces, municipalities and cities as units of local self-government. According to the Constitution of the Republic of Serbia, autonomous provinces, in accordance with the Constitution and their Statutes, regulate the election, organization, and operation of the bodies and services they establish, and in this context regulate issues of provincial importance in various fields, such as tourism. (Constitution of the Republic of Serbia "Official Gazette of the RS, No. 98/2006", Art. 183). The law defines which issues are of provincial importance and as such falls under the scope of the provincial government.

Pursuant to the Law on Establishing the Competences of the Autonomous Province of Vojvodina, through its bodies, in the field of tourism, service industry, spas, and health resorts, in accordance with the law, AP

Vojvodina regulates tourism planning and development of AP Vojvodina, in accordance with the Tourism Development Strategy of the Republic of Serbia, adopts the Tourism Development Strategy of AP Vojvodina, as well as programs for its implementation, motions the Government to adopt an act on the designation of tourist spaces in the territory of AP Vojvodina, proposes a member of the Commission for the Categorization of Tourist Places, establishes the Tourist Organization of AP Vojvodina and other organizations for the promotion and development of tourism and regulates the use of mineral and thermal waters, balneological and climatic resources and can establish spas and health resorts in the territory of AP Vojvodina, in accordance with the Tourism Development Strategy of the Republic of Serbia (Law on Establishing the Competences of the Autonomous Province of Vojvodina "Official Gazette of the RS, Nos. 99/2009 and 67/2012 – Decision of the Constitutional Court", Art. 23).

In addition, the essence of the right to local self-government stems from the authentic competences of municipalities and cities, which, among other areas, relate to tourism. In this sense, municipalities, through their bodies, in accordance with the law, work on the development and promotion of tourism (Constitution of the Republic of Serbia "Official Gazette of the RS, No. 98/2006", Art. 190). As we can see, as an entity of territorial autonomy, the province has broader powers deriving from its higher level of specificity. The distinction of AP Vojvodina, primarily economic, is proclaimed by the Constitution, but at the same time, the unitary character of the state is established. In this sense, provincial competencies are determined by law, but they must be within the Constitutional limits, both in terms of authentic and delegated affairs.

Regarding tourism, the competence of the State is to regulate the system and conduct policy, while the province's competences relate to those issues that are of provincial importance, in other words, the decentralized competences of the province relate to normative, planning, financial and administrative aspects (Golić & Počuča, 2017). In this respect, it is important to emphasize that it is crucial to establish the compliance of planning acts of different levels of government in all areas, including in the field of tourism.

Model of tourism management in AP Vojvodina

The model of tourism management in AP Vojvodina is based on its specificities, which are reflected in multiculturalism, characteristic tourist

resources, multilingual structure, etc. Tourism management in AP Vojvodina is realized through the activities of the Provincial Secretariat for Economy and Tourism, regional tourism organization – Tourism Organization of Vojvodina and 44 local tourism organizations. According to the Law on Tourism, the Autonomous Province and local self-government units, within their respective competencies established by the law governing local self-government and other special laws, adopt a tourism development program that must be in accordance with the Tourism Development Strategy of the Republic of Serbia, which must be submitted to the ministry responsible for tourism, i.e. the Ministry of Trade, Tourism and Telecommunications, for a prior opinion (Law on Tourism "Official Gazette of the RS", no. 17/2019", Article 12).

The Provincial Secretariat for Economy and Tourism plays a key role in the management of tourism in the Autonomous Province of Vojvodina, which, in accordance with the law and the Statute of the AP Vojvodina, performs the tasks of the Provincial Administration in the field of tourism, catering, spas and health resorts, fairs and other commercial events. As part of the provincial administration, the Secretariat prepares legal acts that should be adopted by the Provincial Assembly or the Provincial Government, thereby contributing to a balanced regional development (Provincial Assembly Decision on the Tourism Development Program in the Autonomous Province of Vojvodina for the period 2018-2022 "Official Gazette of the RS", No. 54/2018).

Regarding the Tourism Organization of Vojvodina, its main activity is reflected in the adoption of the annual program of activities and promotional plans in accordance with the Strategic Marketing Plan, and other plans and programs of the National Tourism Organization of Serbia. Furthermore, the Tourism Organization of Vojvodina works on coordinating activities of business and other entities related to the promotion of tourism in the territory of the Autonomous Province conducts educational programs and skill improvement courses for employees in the tourism industry, collects all types of tourism information in order to inform the public, providing informational and promotional material promoting the tourist values of AP Vojvodina (printed publications, audio, and video promotional material, internet presentations, etc.), as well as undertaking activities on drafting and participating in the development and realization of domestic and international projects in the field of tourism and undertaking other activities in accordance with the law, its Founding Act

and the Statute (Law on Tourism, "Official Gazette of RS", No. 17/2019, Art. 39).

According to the Law on Tourism, local self-government units can be founders of tourism organizations or entrust tourism activities to other legal entities. Tourism organization at the level of local self-government unit performs the activities of promotion and development of tourism in the local self-government. The unit coordinates activities and facilitates cooperation between business and other entities in tourism, which directly and indirectly work on the promotion of tourism development and on the educational programs and skills improvement courses of employees in tourism.

Furthermore, local tourism organizations perform the activities of adopting the annual activities program and promotional planning in accordance with the Strategic Marketing Plan and other plans and programs of the National Tourism Organization of Serbia. They perform the tasks of providing and promoting information and promotional material promoting the tourist values of the local self-government unit (printed publications, audio and video promotional material , on-line promotion tools - websites, social networks and related digital activities, souvenirs, etc.).

They perform the activities of collecting and publishing information on the entire tourist offer in its territory, as well as other activities important for the promotion of tourism and organizing and participating in the organization of tourist, scientific, professional, sporting, cultural and other meetings and events. They establish tourist information centers (for receiving tourists, providing free information to tourists, collecting information for the purposes of informing tourists, acquainting tourists with the quality of tourist offer, informing the competent authorities about tourists' complaints, etc.).

They manage the tourism spaces, mediate the provision of services in domestic crafts and rural tourism households, encourage the implementation of programs for the construction of tourist infrastructure and landscaping, as well as undertake activities on drafting and participating in the development and realization of domestic and international projects in the field of tourism. They also undertake other activities on preparation and collection of data, drawing up questionnaires, analyzing data and other information in the field of tourism and perform tasks related to the commercial activity, as well as other activities in

accordance with the law, the founding act and the statute. The local tourist organizations at the level of local government units are obliged to submit their annual activities program and promotional plans, prior to adoption, to the National Tourism Organization of Serbia for obtaining prior consent pertaining to the planned promotional activities. If they fail to ask for the opinion, they are barred from receiving financial incentives from the Ministry of Trade, Tourism and Telecommunications, in the year to which the activities program and the promotional plan refer to (Law on Tourism "Official Gazette of the RS", No. 17 2019), Article 41).

Numerous provincial and state incentives play a special role in the development and promotion of tourism in AP Vojvodina through financing or co-financing various activities of local governments in the field of tourism, as well as legal entities and citizens' associations, according to the data provided in the Tourism Development Program of the Autonomous Province of Vojvodina for the period 2018-2022. In 2017, the Provincial Secretariat for Economy and Tourism aided the development of tourism with around 300,000,000.00 RSD. Part of this incentive is directed to local governments in order to improve the tourist offer, among other things, to modernize the tourism potential of local governments through the preparation of plans and technical project documentation, the development and branding of tourism sites, work on infrastructure and the promotion of spa and health tourism. In addition, significant funds were directed towards business entities, i.e. micro and small companies and entrepreneurs, in order to improve the quality of the service industry in existing facilities, increase the number of nights and length of stay of tourists in AP Vojvodina by improving the quality of services and additional tourism experiences in existing catering facilities, as well as to improve congress tourism offers, innovation of business entities, stimulate increase of business entities' income and creation of new jobs, and consequently increase of tax revenues and fees of the Republic of Serbia, improvement of the overall tourist offer and competitiveness of AP Vojvodina in the foreign and domestic markets.

The funds for stimulating tourism development in AP Vojvodina were also directed to citizens' associations with the aim of affirming manifestation tourism, improving the quality of existing manifestations and increasing the number of participants, increasing the overall tourist offer through improving manifestation tourism and promoting tourist offer of AP Vojvodina at events of regional and international character (Provincial Assembly Decision on the Tourism Development Program in the

Autonomous Province of Vojvodina for the period 2018-2022, "Official Gazette of the RS", No. 54/2018).

In addition to these investments, the Provincial Secretariat finances, or co-finances, the presentation of AP Vojvodina in the country and the region, as well as the development of various studies, research and development programs and education in the field of tourism. Additional investments from the state budget are also directed toward entities from AP Vojvodina, for infrastructure projects (59,000,000.00 RSD), for promotion of tourism products, manifestations, education, training in tourism, etc. (26,050,000.00 RSD) and for EXIT festival (35,000,000.00 RSD). When it comes to overhead costs of local tourism organizations, administrative expenditures account for the largest part of expenditures, which is around 30%, followed by the organization of events and appearances at fairs. The situation is similar with regard to the Tourism Organization of Vojvodina, with about 20% of its expenditures going to represent Vojvodina at fairs and cities in the country and the region, with an equal share of administrative costs, while expenditures on communication and design do not meet the standards of modern tourist destinations (Provincial Assembly Decision on Tourism Development Program in the Autonomous Province of Vojvodina for the period 2018-2022, "Official Gazette of the RS", No. 54/2018). In this context, it is clear that only large investments and an adequate marketing strategy regarding tourism development can contribute to the advancement of this area (Paunović, 2014).

The impact of tourism development in AP Vojvodina on regional development

Various studies have shown that tourism is a very significant factor in regional development compared to other commercial activities. With its driving capacity, tourism creates demand in tourist destinations for complementary products and services and develops specific markets that follow the influx of people. Therefore, encouraging tourism development is a significant prerequisite for improving the socio-economic status of each region (Zaman et al., 2010). The degree of development of the region is calculated by applying the national average gross domestic product per capita, and when it comes to the level of development of a local government unit, it is determined by applying basic and corrective indicators of economic development. The basic indicator for measuring the degree of economic development is the sum of wages and pensions in the local self-government unit and the budget revenues of the local self-government unit,

excluding the funds received from another body for eliminating the consequences of extraordinary circumstances, expressed per capita, while corrective indicators imply demographic decline or growth, unemployment rate and education level (https://www.regionalnirazvoj.gov.rs/Lat/Default.aspx).

Tourism as an industry branch has two basic functions, economic which is primary and non-economic which is reflected in several secondary and consequent functions. The most important direct impacts of tourism arise from the impact on GDP and national income, the impact on steady wages, the impact on the employment rate of the population and the value of investments, as well as the impact on the accelerated development of underdeveloped countries and regions. When it comes to the impact on the GDP and national income, tourism cannot be considered as its creator, but tourism spending certainly has a significant impact in this regard. Considering that tourism is a significant source of foreign currency, through the country's balance of payments, its influence on the economic landscape of a particular region or state is evident. Tourism development directly influences job creation, which has an impact on the unemployment rate (Lakićević et al., 2019). On the other hand, employment policy is a driver of economic development of the country and a very important issue in the field of tourism, since the quality of human resources and the modalities of employment are one of the crucial elements of tourism growth and development (Škorić & Jovanović, 2018). Therefore, there is a close link between tourism development and the economic development of a particular region, which is realized through the impact of tourism spending and tourism investment on general commercial activity and participation in the creation of the GDP (Bošković, 2009). Along those lines, the improvement of tourism development in AP Vojvodina can produce results in terms of economic growth and regional development, however, this impact could be stronger if we fully exploit the tourism potential of this part of Serbia.

Numerous distinctions that characterize AP Vojvodina as a tourist destination, followed by dynamic changes in political and social circumstances, have caused tourism in Vojvodina to go through very different periods. Expansion in this sphere was recorded between 1960 and the mid-1980s, after which there was a significant decline in tourism activity in the 1990s, closely relating to the political and economic conditions that were indicative of Serbia in this period. The increase in the number of tourists has started around the year 2000, however, this growth

has only accelerated with the achievement of greater openness of Serbia to Europe and the realization of more stable social, political and economic factors in the country (Section 2.20. AP Vojvodina Development Program 2014-2020 with Action Plan for Implementation of Priorities of AP Vojvodina Development Program 2014-2020, "Official Gazette of APV", No. 13/2014, p. 315.).

The increase in the number of international travelers is noticeable in all regions of the world, with Europe remaining the dominant tourist region in the world (Šušić & Đorđević, 2019). Considering this, it is clear that Vojvodina as a tourist destination is not fully utilizing the potential it has, given its geographical position, specific cultural and historical heritage, multiculturalism, tourist offer, etc. The Tourism Development Strategy of the Republic of Serbia for the period from 2006 to 2015 (Section 6, Official Gazette of the RS, No. 91/06, p. 24.) contained goals related to the moderate and ambitious growth of the total number of tourist arrivals and overnight stays. The table shows the actual growth from 2006 to 2015 in Vojvodina, as well as the projection of the so-called moderate and ambitious growth according to real indicators, their absolute difference, index, and percentage of realization of the Tourism Development Strategy of the Republic of Serbia for the period from 2016 to 2025 (Section 2.1., Table 1, "Official Gazette of the RS", No. 98/2016, p. 8.).

Table 1: *Actual growth of the total number of tourist arrivals and overnight stays in Vojvodina and so-called moderate and ambitious growth according to real indicators.*

Vojvodina					
Initial situation in 2006 and the situation in 2015	Initial Situation	2015.	Difference	Index 2006/ 2015	Growth %
Number of arrivals	245.600	413.332	167.732	168	68
No. of overnight stays	686.200	994.314	308.114	145	45
Moderate growth projection					
	Assessment	Situation in 2015.	Difference		
Number of arrivals	917.000	413.332	-503.668	45	-55
No. of overnight stays	3.209.500	994.314	-2.215.186	31	-69

Ambitious growth projection					
	Assessment	Situation in 2015.	Difference		
Number of arrivals	1.099.500	413.332	-686.168	38	-62
No. of overnight stays	3.484.400	994.314	-2.490.086	29	-71

Source: *Tourism Development Strategy of the Republic of Serbia for the period from 2016 to 2025 ("Official Gazette of the RS", No. 98/2016)*

Therefore, from the data presented in the table, it can be concluded that there was a significant increase in the number of tourist arrivals and overnight stays in Vojvodina. However, this growth is still not at a satisfactory level given that not even the moderate projection of growth set out in 2006 has been achieved.

It is difficult to determine which mechanisms have failed in achieving the projection of growth in the number of tourist arrivals and overnight stays, but as a rule, these are insufficient investments and inadequate marketing activities, in other words, a small number of promotional activities. From the aspect of tourism promotion, it is very important to take into account the impact of mass media on citizens' familiarity with various tourist destinations, especially when it comes to tourists from abroad (Subotin & Pastor, 2018). Political and war events that marked the area in the 1990s cast a shadow on the image of Serbia, and thus of Vojvodina as a tourist destination, which created media confusion for foreign tourists regarding the attractiveness and security of the area as a tourist destination. On the other hand, reporting on numerous festivals, cultural, artistic and other events held in Vojvodina has greatly contributed to the growth of the number of tourists.

Therefore, investing in marketing activities, enabling competitiveness and responding to market demands are key elements that have contributed to the promotion of tourism and branding of Vojvodina as a recognizable and attractive destination (Bulatović et al., 2016). In order to fully utilize the tourism potential of AP Vojvodina, it is necessary that all levels of government pay special attention to promotional activities, and that the general objectives of promotional activities are in line with strategic goals and guidelines of tourism development of the Republic of Serbia. Accordingly, the positive impact of tourism on the economic growth and regional development of the country can only be achieved by improving

the positioning of a tourist destination based on quality promotional activities (Vujić, 2009). In this context, it is very important to take advantage of all the opportunities offered by the Internet to bring AP Vojvodina as a destination closer to potential tourists, moreover, it is necessary to improve the possibilities of online reservations and the availability of information on all issues of importance, such ashappenings and events, in order to attract tourists, primarily from abroad (Buhalis & Licata, 2002).

One of the unique characteristics of Vojvodina stems from the fact that out of a total of 45 local communities, only 5 are located in areas that are not considered rural (Novi Sad, Sremski Karlovci, Stara Pazova, Temerin, and Pancevo). Thus, significant investments should be directed towards the development of rural areas, but also to exploit their potential for enhancing tourist supply and attracting tourists interested in rural tourism. What distinguishes Vojvodina, in particular, is its multiculturalism, with a large number of national minorities that enrich Vojvodina's specificity with its identity, culture, tradition, language, and religion. Consequently, it is precisely these specificities that characterize AP Vojvodina as a tourist destination that should be used for the promotion and development of tourism, particularly, for the promotion of AP Vojvodina as a tourist destination.

When it comes to boosting tourism,world trends focus on organizing events such as various festivals and happenings, and in line with that emphasize the importance of the cooperation of travel agencies with the organizers of such events (Getz & Page, 2016).

In AP Vojvodina, there is a noticeable effort to follow world trends.In this context, there is an increasing number of events organized by various entities at the level of local government units, however, most of these events are still directed at the local population, with the lack of adequate infrastructure and marketing activities aimed at the promotion of these events.Therefore, it is necessary to make greater efforts to implement all these mechanisms in order to have a stronger impact on tourism promotion in AP Vojvodina, which would greatly contribute to the economic growth and development of this region, which is of particular importance given the unequal socio-economic development and uneven living conditions in this part of Serbia.

Conclusion

Considering the tendency of increasing regional disparities and deepening socio-economic development inequalities, it is necessary to pay more attention to the mechanisms of regional development promotion, where tourism can be used as a very influential factor of economic growth.Tourism is not the result of socio-economic growth but is an instrument of its realization. Advancements in tourism can only be achieved on the basis of adequate legal regulation, precise development strategies, and their effective implementation.The shared competencies in the field of tourism between the state, autonomous provinces, municipalities, and cities as units of local self-government means that all levels of government have equal responsibility for the development of this commercial area, however, an active role of local authorities and mutual coordination between them are of key importance.

The model of tourism management in AP Vojvodina is specific, bearing in mind that tourism management in AP is realized through the activities of the Provincial Secretariat for Economy and Tourism,Tourist Organization of Vojvodina and as many as 44 local tourist organizations.Therefore, a large number of entities are working on the promotion of tourism in AP Vojvodina and with their own development programs.These programs must be aligned with the Tourism Development Strategy of the Republic of Serbia, but their interconnectedness, coherence and joint action towards the achievement of all strategic goals, is of particular importance. Improvement of any area is not possible without incentives and investment, which is why investments of the Provincial Secretariat for Economy and Tourism directed towards local governments and businesses for the promotion of tourism are of utmost importance. Given that these investments did not produce the expected results thus far, it is necessary to allocate larger funds for these purposes.Tourism Development Program in the Autonomous Province of Vojvodina for the period 2018-2022 is a far-reaching document that was drafted with the aim of approaching tourism strategically and systematically, with due regard for all the effects it has on the overall socio-economic, local and regional development.It is crucial to implement all the principles, plans and guidelines that are set in place by this development program. Accordingly, when it comes to tourism, AP Vojvodina has all the prerequisites in terms of adequate legal regulation and management models, with it also having tourism potential for the improvement of this area, and thus has the opportunity to improve the socio-economic status of this region by the driving capacity of tourism.

However, significant efforts need to be made to implement the defined plans, invest more resources and improve cooperation at all levels.

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SERBIAN EPIC POETRY AS A RESOURCE FOR RURAL CULTURAL TOURISM

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Abstract

In an effort to look into the possibilities which would innovate the tourist market in less developed branches of cultural tourism in Serbia, this paper explores the potentials of the travel piece Epic Serbia by the renowned Serbian novelist Milisav Savić for literary tourism development in the country and the region. Epic Serbia resulted from a sort of pilgrimage along the paths of Serbian oral poetry that Milisav Savić undertook from 2015 to 2016. He revisited, among other places, his own home region of Raška in south-western Serbia, the first capital of the Serbian medieval state and home to some of the most important UNESCO-protected structures in Serbia. Savić's poetic travel journey brought the epic heroes of the Serbian oral poetry into focus, linking them to the geographical places, churches, monasteries, battlefields etc., which are all important part of the Serbian cultural heritage today. The aim of the paper is to present the results of a tailor-made questionnaire concerning the level of potential tourists' interest in literary tourism, in this case epic tourism closely linked to religious and rural tourism. This would further lead to forming a new tourist "package" arrangement within the field of literary tourism, an almost non-existent branch of cultural tourism in Serbia, which would innovate the market and create room for an increase in the number of domestic and inbound tourists.

Key Words: *heritage, literature, tourism, travel, epic poetry*
JEL classification: *Z130, Z320, Z390*

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Introduction

This paper investigates Epic Serbia, a piece of travel writing by the prominent Serbian novelist Milisav Savić, as a potential resource for tourism product development in the field of literary tourism. From 2015 to 2016, Milisav Savić undertook a sort of pilgrimage along the paths of Serbian epic poetry.

Although a postmodernist writer, Milisav Savić took up this project to revisit, among other places, his own home region of Raška in south-western Serbia, home to the first capital of the medieval state and some of the most important UNESCO-protected structures in Serbia. His journey was the one of the revival of epic heroes and important places, some of them recorded in history and other not, mentioned in the Serbian epic poetry so esteemed by world-famous authors and cultural researchers such as J.W. Goethe and the Brothers Grimm.

In this paper, the authors are looking into the potential for turning "the home of epics" into a tourist destination. The aim of the paper is to present the results of a tailor-made questionnaire concerning the level of potential tourists' interest in literary tourism, in this case epic tourism closely linked to religious and rural tourism. This would further lead to forming a new tourist "package" arrangement within the field of literary tourism, an almost non-existent branch of cultural tourism in Serbia, which would innovate the market and create room for an increase in the number of domestic and inbound tourists.

Oral tradition in contemporary culture

Referring to the corpus of the Serbian epic poetry that he translated for the purpose of having it published in a comprehensive bilingual anthology in 1997, Geoffrey N. W. Locke asserted that the "value and appeal" of the Serbian epic poetry issue from the fact that it is not "mere artificial recitation of obscure and half-forgotten tales of bygone ages", unlike most other European folklore, including the English. "On the contrary," says Locke, it is "the product of a continuous living tradition extending over the last several centuries", which, according to him, makes the Serbian epic poetry "the richest oral epic material in any single European language." (Locke, 1997, p. 15)

Such view puts forward the idea of the Serbian oral tradition's strong relevance to contemporary narratives that engage with politics, culture and art. In 2018, at the time when the authors of this paper started thinking about investigating tourism potential in places with literary associations, several cultural and artistic projects grounded in the Serbian epic poetry were taking place in Belgrade - the shooting of a short film and an art exhibition, to name but a few.

The filming of Igor Simić's short film "Uzidani" ("The Built-in") was partially funded by the Film Center of Serbia through their programme for co-funding experimental films and video art. The story, situated in a contemporary corporate setting, is drawn from "Zidanje Skadra" ("The Building of Skadar"), the oral epic poem much admired by Jakob Grimm, who translated it into German in the nineteen century (Dundes et al., 1996, p. 3). Both in the original poem and Simić's film, the young wife of a royal is sacrificed by being built into a stone fortress that her husband and his two brothers are building. Her death is a blood sacrifice that will make the building stand (Oinas et. al, 1978, p. 262).

Having become aware of her ill fate, she pleads with the builders to leave her breasts outside of the stone wall so that she can nurse her infant son. After she dies, a miracle happens: her breasts continue to yield milk for centuries, for all the mothers who cannot feed their children. In Simić's film, however, there is an ironic deconstructive twist to the story: due to recession and economic hardship, the Government decides to privatize the source of milk, branding it the Miracle Milk (Janković, 2018).

At around the same time, at the residence of the Swiss ambassador in Belgrade, the artist Nikola Kolja Božović created a series of conceptual portraits featuring Kraljević Marko (Prince Marko), one of the most prominent heroes of the Serbian epic poetry, as a "disturbingly vulnerable and ambivalent character who wants to be liked". The exhibition posed some challenging questions of any epic hero's place in the postmodern non-heroic world of spectacle: "How would Marko Kraljević look today? Would he participate in reality programs? Would his prominent masculinity be thrown into question?" (Danas Online, 2018).

In both of these examples, we notice how the complexities of contemporary societies can be approached and deconstructed by exploiting themes and motifs from epic oral tradition, all the while affirming Locke's stand of it being "a continuous living tradition." Such exploitation "can incite a

creation of an insightful and humorous discourse that inspires critical thinking and provides relief through comic effect" (Kalaba, 2014, p. 2).

Previous texts, which "comprise a certain belief, attitude or emotion", are "re-employed" in a way that highlights their cultural relevance in the present moment (Kalaba, 2014, p. 8). Tourism development which relies on literature also implies the "re-employment" of literary figures, themes, motifs and narratives from the past, but also the investigation of how they fit into the spheres of interest of contemporary tourists.

Theoretical framework

In the paper on the semiotics of literary tourism, Barbara Schaff (2011) talks about the literary pilgrimage as the oldest form of a literary trail, which is usually "text-informed and author-focused, and they are deeply influenced by a sense of literary heritage and nostalgia" (p. 173). Referring to the work of Eric Hobsbawm, Schaff (2011) sees a very close connection between literary tourism and what Hobsbawm terms "the invention of tradition" which implies a strong "continuity with the past" (p. 178). If both tourism and literature, as Schaff (2011) asserts, are "the essentially modern way of learning about the world", then literary tourism can be defined as "a complex cultural practice, connecting different modes of experience and understanding" (p. 166). Schaff sees literary tourism as part of the heritage industry, but notes that experiencing literary places and trails implies more complexity than simple heritage sites, as literary places and trails "tell spatial stories, which means that places are experienced not only in a material sense, but also in the view of their literary representations" (Ibid.). In other words, the pieces of literature, read and admired by the literary tourist, are spatially materialized through the tourist's experience at the particular place or trail.

In light of that, Schaff also notices the growing tendency for the new forms of literary heritage representations which are less focused on the author's biography and more on "a factualisation of fiction by resignifying places in terms of their literary associations". The author's life, the place of birth and death etc. seem to be of lesser interest to contemporary literary tourists than the places where the plots of their literary works unfold, which is why, according to Schaff (2011), the contemporary literary tourist will rather go to the bar that the main protagonist of the book frequents than to the bar that the author himself frequented or frequents (p. 167). In that sense, the contemporary tourist will prefer a "text-informed" place to an "author-

focused" one. In the case of Serbian epic poetry, as in most works of oral epic literature, the author is rarely or not at all known. The intensified interest in the character, plot, setting and the story, all of which are, in the Serbian epic poetry, highly dynamic and surprisingly relatable for a modern man, may make this part of the Serbian literature a fertile ground for literary tourism development considerations. Furthermore, the absence of the author, as well as the specificity of information that the epic voice provides in all oral traditions (mythologized distant time, supernatural forces, little or no psychological delving into the literary characters' states and motives, etc.) offers many possibilities for storytelling, strongly grounded in the culture's epic narratives, as a means of cultural preservation, education as well as entertainment.

Creative imagination therefore makes important part of literary tourism. However, Schaff (2011) does not miss to notice that literary tourism is also material consumerism combined with creative imagination (p. 166). If we add the quest for the authentic (Schaff, 2011, p. 167-168), we can understand the challenge of creating a tourist product that is culture-preserving (authentic), while at the same being materially gainful (consumerist).

Milisav Savić's epic Serbia: a postmodernist's take on oral tradition

The travel book *Epic Serbia* resulted from a sort of pilgrimage along the paths of Serbian oral poetry that Milisav Savić, a renowned postmodernist writer, undertook from 2015 to 2016. He revisited, among other places, his own home region of Raška in south-western Serbia, the first capital of the Serbian medieval state and home to some of the most important UNESCO-protected structures in Serbia. Savić's poetic travel journey brings the epic heroes of the Serbian oral poetry into focus, linking them to the geographical places, churches, monasteries, battlefields etc., which are all important part of the Serbian cultural heritage today. *Epic Serbia*, which can be said to be a collection of short stories, was published by Raška škola in 2017, both in Serbian and English, and the English translation of the book was provided by John and Ružica White.

If imaginary literary spaces are "filled with myths and nostalgia which serve to veil the fact that the real place has been changed, lost, or has never existed in the first place" (Schaff, 2011, p. 179), and as such inextricably bound to creative imagination, it is perhaps not that surprising that a postmodernist writer like Milisav Savić took upon himself the unexpected

mission of chronicling historical and imaginary places and events in the Serbian medieval history. Irony vs. nostalgia is an important postmodern dichotomy: the postmodernist writer will ironize the nostalgia of the urge to go back in time and idolize the times past. On the other hand, the postmodern writer knows that rummaging through the past may be the only way to deconstruct the present.

And so literary tourism, as part of domestic tourism, becomes what Susan Pitchford (2008) calls "identity tourism" "in which collective identities are represented, interpreted, and potentially constructed through the use of history and culture" (p. 3). In the "Introduction" to *Epic Serbia*, it is precisely the question of identity that Savić emphasizes when writing about his interest in the Serbian epic literature. "The old Serbian epic ballads were my first ever reading matter," says Savić, "nothing unusual about that, because I grew up in an area which was the home of epics. The language of those ballads was spoken at home. No one knew a thing about any other literature" (Savić, 2017, p. 5).

When considering whether a travel book of this kind can be used as a different, contemporary angle to embrace the heroic literary and historical narratives of a nation, as well as a tool for tourism experts and a basis for enriching the cultural tourism offer, it is important to understand the approach that Savić's *Epic Serbia* adopts in treating the heroic subject. Epic Serbia never falls into the trap of glorifying the heroic narratives of the past in a biased or non-critical manner and remains safely outside of revivalist and nationalist movements towards the past, managing all the while to present the Serbian oral tradition as probably the most worthy and culturally significant part of Serbian literature. Savić's treatment of epic characters and plots and their connection with the geographical places and religious structures situated mostly in rural Serbia is both humorous and deeply humane.

The focus is on the universal ideas and concepts that are found in Serbian epic poetry: love, war, beauty, morality, conflict, family ties, heroic deeds, ill faith, etc. In this very relevant, deconstructive approach to heroic narratives, Savić never fails to point out and comment on, from a contemporary point of view, one significant aspect of the Serbian epic poetry: characters, plots and plot twists that break the epic mould, which is the main expression of modernity that the Serbian epic tradition boasts. The decline of great narratives in the twentieth century has led to revivalist reaching for the past, for "the discourses whose authenticity in the past

times was unquestionable, but that were eroded and made obsolete by social, historical, economic and cultural circumstances" (Kalaba, 2019, p. 647). The relevance of this approach lies precisely in a complete absence of the glorification of mythology and pseudo-history, which is a great ailment of the Balkan societies today.

The language of the book resonates very much with the kind of discourse one normally hears when attending a well-prepared guided tour. It is both informative and absorbing, with a gist of interpretation and mystery. Savić either begins the story discussing an epic poem and then linking it to a geographical place or a religious object (where the plot is set, for example) or other way around: he provides historical and geographical data on the religious object and then links it to the relevant epic poem. "The Finding of the Head of Prince Lazar" ("Obretanije glave Kneza Lazara") can be taken as an example. It is a vivid outline of the poem's plot: how the body and the soul of the most important figure of the Kosovo myth, prince Lazar, were miraculously reunited.

The recounting of the wondrous occurrence is told in compelling words, with some historical and geographical suppositions as well as a subtle metatextual twist, when the narrator refers to the "poetess", the author of the poem, and her skill, praising her for knowing "how to slow the story down" and build the suspense around her story. An excellent writer himself, Savić produces interpretative gems fragmentarily distributed in his documentary work.

Another example is the "Banović Strahinja", considered one of the most important literary pieces ever produced in the Serbian literature. It is an epic ballad about a man who neglects his young wife and then goes looking for her after she has been taken away by a Turkish aristocrat Vlach-Alija, although her father and her brothers tell him to forget about her. Savić (2017) begins the story by discussing the possible birthplaces of the poem's author know as Old Man Milija, and goes on with the geographical characteristics of Banović Strahinja's hometown, "little Banjska" in Kosovo and Metohija, which "gave birth to a hero who will be the only one in Serbian poetry to bear the epithet 'Someone'" (p. 189). Savić dispels the image of once prosperous, mythical Banjska comparing it to the actual one, stating that it is "just like … in the poem. Ruined, smashed up" (Ibid.).

Savić's poetic nostalgia is not about the glorified past, but about the destruction of invaluable cultural heritage in the tumultuous history of the

whole region. As for Savić's take on the story, he emphasizes the poem's superior ways of remaining outside of any kind of epic mould: there is a neglectful and then cuckolded husband/main protagonist, a likeable antagonist, and a wife who sides with her lover during his duel with her husband. Still, there is a happy ending, as the husband and the wife remain together in the end. Banović Strahinja is a Christian hero, a husband who sees his own fault in the fact that an intruder and a stranger could love his wife better than he did, so he forgives and does not take revenge. "And why not?" concludes Savić. "It's never too late to love someone as they deserve. And it's always nicer to drink wine à deux" (Savić, 2017, p. 195).

Data collection

This research paper used a quantitative methodology that authors implemented in the territory of the Republic of Serbia in the period June - October 2018. The questionnaire was developed on the basis of research into tourist destinations (Almeida & Garrod, 2016) and consisted of 39 questions related to the cognitive and emotional reasons for examining Serbia as a rural cultural tourism destination. In addition to specific destination-related questions, the questionnaire also includes socio-demographic issues such as gender, age, region in which the respondent lives, income, education, or country of residence. The questionnaire was completed by 150 respondents from all parts of Serbia, which resulted in some observations.

In order to distribute the questionnaires correctly, the researchers distributed questionnaires in all parts of Serbia, so that all regions were represented equally. Out of 270 questionnaires distributed, a total of 150 valid responses were obtained. The results from the questionnaire were processed in the SPSS statistical package commonly used for analyzing the questionnaire.

Descriptive analysis in Table 1 shows that the survey of Serbia as a rural cultural tourist destination attracted mostly tourists aged 19-30 years (45%) and 31-40 years (33%), while middle-aged tourists (41-50) were only 11% and only 5% of tourists aged 51 and over. In terms of gender, the structure is similar, with 45% of men surveyed and 55% women. In terms of income, the highest percentage of respondents earns EUR 250-500 per month (29%) and EUR 500-1000 (23%). One can get the impression that the personal income of tourists in Serbia is rather modest, given the rest of Europe.

Table 1: *The survey sample*

Variable	Total
Gender	
Male	45%
Female	55%
Age	
18 and younger	1%
19-30	45%
31-40	33%
41-50	11%
51-60	5%
over 60	5%
Region where you grew up	
Urban	58%
Rural	42%
Living area	
Urban	81%
Rural	19%
Current occupation	
Student	19%
Self-employed	14%
Employee	55%
Pensioner	5%
Unemployed	5%
Other	1%
Education	
High school	31%
Undergraduate degree	37%
Master degree	27%
PhD	5%
Income	
up to 250 EUR	10%
250- 500 EUR	29%
500-1000 EUR	23%
More than 1000 EUR	11%
I don't want to make a statement	27%
Nationality	
Serbian	91%
Macedonian	1%
Bosnia&Herzegovina	3%
Austrian	1%
USA	1%
Slovakian	1%
Slovenian	1%

Source: *Author's own elaboration*

In terms of educational qualification, a considerable number are academically educated (37%), 31% secondary school graduates and 27% have completed master's degrees, while 5% have a doctorate. When it comes to the current occupation of the respondents, more than half of the respondents are employed by the employer (55%), while the smallest number of interviewed respondents is unemployed (5%) or retired (5%).

Methodology

The questionnaire was divided into three key parts where each section contained relevant statements and assessments for examining Serbia as a rural cultural tourist destination. These questions / statements are divided as follows:

I. Socio-demographic details
II. Interest in cultural tourism
III. Interested in getting to know the epic poetry and heritage of a particular place

Testing the validity of the theoretical model of perception and attitudes of students in relation to working conditions in the tourism industry was performed using SPSS 17.0 software package. The value of R^2 in this case is 0.477 which means that almost 50% of the variance is explained by optimal and appropriately scaled attributes. The F value is 44.312 and the p value is 0.000, indicating adequate model performance. The most influential factor in interest in cultural tourism is "Would you go on a trip or a tour that is primarily oriented towards cultural tourism?" with a mean of 3.96.

Table 2. *Model Summary*[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.690[a]	0.477	0.466	0.782	2.334

a. Predictors: (Constant)

b. Dependent Variable: Are you interested in cultural travel?

Analysis of results

As part of the analysis of results, the authors focused on the three key issues mentioned above related to the research statements of Serbia as a rural cultural tourism destination.

Table 3 and Table 4 represent mean values and standard deviations for variables related to interest in cultural tourism. Based on the very well-known Likert scale, tourists rated their interests on a scale of 1 (unattractive) to 5 (very attractive).

Table 3: *Interest in cultural tourism*

Attributes	Mean	Standard deviation
Are you interested in cultural travel?	4.15	1.07
Would you go on a trip or a tour that is primarily oriented towards cultural tourism?	3.96	1.13
Are you interested in literature as part of a cultural offer?	3.52	1.25
Are you interested in the literature of a particular region as part of the cultural offer of that region?	3.35	1.19
Are you interested in epic poetry related to the cultural heritage of a particular region?	3.11	1.30
Are you interested in finding out about the links between epic poetry and history and tradition of a specific region?	3.29	1.33

Source: *Author's own elaboration*

As can be seen in Table 3, the majority of respondents are indeed very interested in cultural travel. It should be noted that authors surveyed the population in rural and urban areas. Furthermore, a mean of 3.96 identifies respondents 'desire' on a scale of 1 to 5 for primarily culture-oriented trips.

A slightly smaller but still a considerable number of respondents are interested in literature as part of the cultural offer (3.52) or part of the offer of one region (3.35). Respondents' lowest level of interest relates to epic poetry as part of the cultural heritage of a region (3.11). However, given that the sample was not selected but the sample was random, it can be said that it is possible to form this type of cultural tourism offer in the future, given that there are a considerable number of interested ones. Such a result confirms the view of Stylianou-Lambert (2011) that cultural tourists are categorized as specific and general cultural tourists.

It is also interesting to specify that in an age of new economy, economic and sociological crisis, epidemics and struggles between nations in order to achieve competitive progress in regional development intangible national wealth can be considered as a defense tool against possible threats

to globalization (Petronela, 2016). With this in mind, the study further examined the interest in epic poetry and heritage of a particular place, and the results are presented in Table 4.

Table 4: *In what form would you be interested in getting to know the epic poetry and heritage of a particular place?*

Attributes	Mean	Standard deviation
Literary evenings	3.10	1.38
Reading poetry at festivals and other events	2.83	1.32
Presentation of literary characters, themes, historical facts and attractions related to a particular tourist attraction (monastery, church, fortress, etc.)	3.68	1.24
Presentation of literary themes and motives (love, war, heroism, family relations, male-female relations, way of life, humor of time in which the work was created) from epic poetry of a certain region.	3.63	1.24

Source: *Author's own elaboration*

If we look at Table 4, we can see that respondents are most interested in presentations related to literary character (mean 3.68). These include topics, historical facts and attractions related to a particular tourist attraction (monastery, church, fortress, etc.). Immediately followed by stories about literary themes and motives (love, war, heroism, family relations, male-female relations, way of life, humor of time in which the work was created) from epic poetry of a certain region (mean 3.63).

Undoubtedly, correct are the words of the authors Rodzi et al. (2013) that every tangible culture must be supported by intangible value, and we emphasize that every intangible culture relies on presentations and teachings about it. This is also shown by the medium interest in learning about a particular culture.

In further research, the authors wanted to find out from the respondents what is most important to them when choosing a destination. Within the questionnaire, there were 15 offered attributes, which, according to the literature, were the most important when choosing a destination. The results of the descriptive statistics of these 15 attributes are shown in Table 5.

Table 5: *How important is your particular factor when choosing a particular destination?*

Attributes	Mean	Standard deviation
Natural beauties	3.47	1.649
Traditional gastronomy	3.02	1.348
Cultural attractions	3.20	1.361
Good infra-structure of hotels and apartments	3.02	1.435
Transport cost	3.13	1.344
Good price (with overall cost advantages)	3.19	1.596
A safe place to visit	3.40	1.695
Practicing outdoor activities (ex. hiking, fishing)	3.12	1.331
To escape daily routine	3.29	1.552
Looking for change and novelty	3.48	1.583
To seek adventure and pleasure	3.36	1.551
Intellectually enriching	3.32	1.467
Have a good time with family/friends	3.40	1.647
Relationships with local residents	3.19	1.368
Opportunities for children	2.99	1.599

Source: *Author's own elaboration*

Interestingly, all mean values of the observed attributes are above 3 or nearly 3 (Opportunities for children). It can be concluded that the most important factors when choosing a destination for tourists are: Looking for change and novelty (3.48), Natural beauties (3.47), Have a good time with family / friends and A safe place to visit (3.40).

Factors that are a little less important when choosing a destination are: Opportunities for children (2.99), Traditional gastronomy (3.02) and Good infra-structure of hotels and apartments (3.02). These factors are not insignificant either, the respondents said that they were important, but, in comparison with others, they received a lower mean score.

Conclusion

Contemporary travel books such as Milisav Savić's Epic Serbia prove to be a valuable resource for developing the cultural and literary tourism offer of a country. The book offers a postmodern understanding of the nation's heroic narratives, which are often a founding element of the nation's identity, and sheds a new light on the epic literary tradition of the Serbian people. The development of the literary tourism offer that rests on epic

literary tradition should entail close cross-border cooperation between the Balkan countries with Christian tradition. However, there may be obstacle to this kind of cooperation due to still problematic national, territorial and religious narratives in the Balkans. In the long run, such cooperation would have a noble purpose, as it would promote the joint history of the peoples in the Balkans.

The tourism industry has a great impact on the economic, social, functional and physiognomic structure of rural areas (Sagić et al., 2019). This paper has included special topics in the field of epic and cultural tourism in the cultural and tourism offer in a way that is both educational and receptive to people of different interests. For this reason, it can be said that this paper represents a unique and original basis for the further development of this type of tourism, especially in rural areas that are rich in cultural and historical heritage.

Although cultural heritage management is a recent phenomenon (Filipović, 2018), we agree with the authors Lakićević & Durkalić (2018) that strategy for tourism development of the Republic of Serbia can be formed based on competitive advantage, sustainable tourism and knowledge-based tourism. However, such an endeavor would support the approach to Serbian epic literature in an innovative and interesting way that would actualize the timeless themes contained in the epic poems and at the same time bring them closer to the audience through cultural offerings.

On the basis of all the above, a noble task can be set for the future based on resources of rural cultural tourism, which can be reflected in the promotion and presentation of the culture of a nation or particular destination. Particularly tourism, which is economically, politically, historically and socially important, can become a matter of promoting tours that represent a common history of the Balkan people that have clashed in the past. Also, routes like these have a good basis for becoming Cultural Routes of the Council of Europe one day.

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THE DEVELOPMENT OF RURAL TOURISM IN SLOVENIA

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Abstract

The aim of our study was to present and analyze the development of rural tourism in Slovenia. Slovenia can be considered a small green oasis positioned in the sunny foothills of the Alps, which gives it an important competitive advantage in modern times when environmental quality is rapidly becoming an integral part of the perceptived quality of life. Obtaining independence from Yugoslavia during 1990, the transition to a market economy, integration process into the European Union, introduction to private property and awareness of the need to preserve and nurture rural areas represent the factors that are combined to enable the start implementation of the strategy for the development of rural tourism. Slovenia has shown a high level of success in the development of rural tourism, which is also significant in terms of its impact on European rural tourism and being a model for the development of rural tourism in the neighboring countries.

Key Words: *Slovenia, development of rural tourism, socio-economic system, rural accommodation*
JEL classification: *R11, Z32*

Introduction

Today, tourism has grown from one small activity to an activity that is crucial for the economic growth and development of a country (Lakićević & Durkalić, 2018). Rural tourism is well-defined as the tourism which produces a "rural environment" for the visitor, by proposing a mixture of natural, cultural and human experiences which have a typically rural attractiveness. It is the immersion of the visitor in realistic, unique and

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grassroots experiences which are the essence of rural life. In this case, visitors turn back to nature, to the roots, to basics, and embrace the return to the origins and originality (Armenski et al., 2012).

Rural tourism includes a spectrum of activities (Campbell, 1999). It is based on values of sustainability and offers elements of the country's environment, as well as presenting traditional hospitality and the values of life of the local residents. Through this type of vacation people contact with this nature and the personal human contact with the local people which makes rural tourism so distinctive (Pantić, 2017). Accommodation in rural regions is a combination of different forms of tourism that showcase rural life, art, culture and heritage in rural localities (Chin et al., 2014).

Rural tourism is one of the leading tourism products in the global tourism market (Sagić et al., 2019). Also, rural tourism has become one of the most significant factors of multifunctional and sustainable rural development, which has been confirmed by numerous theoretical and empirical studies (Campbell, 1999). The reduce of traditional subventions for agriculture makes rural tourism more important as a key form of diversification, which supports an economically sustainable rural group.

There are two approaches to rural tourist activities. The traditional way which comprises of passive visitors' stay in accommodation in a rural environment, with passive watching hosts' activities without any significant involvement. This approach is defined as Life-seeing and it is less present in the international tourist courses. The contemporary concept, known as Life-participating, represents a modern way of visitors' spending time on the farms, with active involvement in most of the agricultural and other available work at the farms (Petrović et al., 2015; Petrović et al., 2016).

Worldwide trends suggest that rural tourism is becoming an increasingly broader concept. Needs and expectations of domestic and international demand are becoming ever more stylish in this type of tourism. Rural tourism pools many different aspects of experiencing and sharing rural life. During a visit to a rural destination, tourists have the opportunity to experience the amenities and attractions of the rural area and it is likely that a positive experience will influence a return visit (Koščak, 1998). The first organised rural tourism in Slovenia started at the beginning of the 1970s (Koščak, 1998; Assaf & Knežević Cvelbar, 2011). Slovenia has experienced a long process from the foundation of advisory services, training of the rural population, co-financing a model creation, to

establishing associations, creating rural tourism product, catalogue and similar marketing promotional activities (Dwyer et al., 2012). According to a statistical analysis, the number of households that offer services in rural tourism in Slovenia is 600 out of which 38 are specialised accommodation facilities households. The total capacity is 2,000 beds and annual occupancy rate is 70 % (Armenski et al., 2012). Also, the effects of the great global economic crisis, whose consequences are still felt in all areas of the tourism economy, should be kept in mind (Obradović et al., 2013).

Rural tourism

Experiences related to the development of rural tourism in Slovenia strongly indicate that this type of tourism has influenced the development of the countryside, raising people life standards and improving the culture of housing (Dwyer et al., 2004). According to the type and content of tourist services in Slovenia, three types of tourist farms are defined by law:

- excursion farms,
- tourist farms,
- wineries.

Excursion farms offer food, drinks but and lodging. Tourist farms are registered to offer rooms and apartments as well as for renting camping space. Accommodations on this type of farms can be offered with breakfast, half board or full board. Wineries are a type of tourist rural offering serving wines produced on these farms (Getz & Carlsen, 2000).

Rural tourism in Slovenia is organized in the same way as rural tourism in Austria. Tourist farms offer close contact with nature, locals, their culture and traditions. On the farms, tourist have opportunities to taste domestic food, local wine and brandy. Tourists can learn some of the old crafts or take part in certain activities and farming (Erjavec et al., 1998). The natural environment in which the farm is located provides ideal conditions for performing various type of sport and recreational activities. The most common activities on a farm during a rural vacation are horseback riding, kayaking, golf, hiking, skiing, paragliding, swimming, etc. Farms are often the starting point of excursions to the remote cultural and tourist attractions of a given place (Gomezelj & Mihalič, 2008). The potential for the development of rural tourism in Slovenia is enormous, so it is necessary to investigate all the factors that influence this development in order to maximize incomes from this branch of tourism.

Tourism potential of Slovenia

Slovenia is a country located in the northern part of the former Yugoslavia. Today, about two million people live there with a relatively high standard of living. The territory of Slovenia is located at the crossroads of four European regional units: the Alps; Pannonian lowlands; the Dinaric mountains and the Adriatic coast. This geographical position gives this small country an important role because of the importance of its geographical position since it represents a transition zone between East and West Europe. It covers an area of 20,000 km2. The population is about 2 million people with an average density of about 100 people per km2. The country is located in the heart of central Europe, more precisely, between Venice (130 km from the Slovenian border), Salzburg (200 km), Vienna (250 km from the border) and the Hungarian capital Budapest (280 km) (Šprah et al., 2014).

Slovenia can be considered a small green oasis positioned in the sunny foothills of the Alps, which gives it an important competitive advantage in modern times when environmental quality is rapidly becoming an integral part of the perception of the quality of life of modern people. During 2015, about 1.6 million tourists visited this country and made six million overnight stays, staying in about 180 hotels, private accommodation or camps. About 75,000 tourist beds are available in this country (Vujko & Gajić, 2014). The Slovenian tourism product and offer are divided into five categories or groups of attractions:

- lakes and mountains,
- coast,
- cities with artistic attractions,
- rural tourism, and
- spa tourism.

Rural tourism in Slovenia and its development prospects

The rural parts of Slovenia offer diverse, almost forgotten traces of the past, handicrafts and a source of ancient centuries-old customs. They are also home to three wine regions that produce not so much wine (one million liters a year) as the exceptional top quality of renowned European and indigenous wine varieties (Vujko et al., 2016).

Obtaining independence, the transition to a market economy, integration process into the European Union, introduction to private property and,

above all, awareness of the need to preserve and nurture rural areas and villages; together, they represent the factors that are combined to enable the start of work on the Integrated Rural Development and Rural Revitalization (CRPOV) project within the Slovenian Ministry of Agriculture, Forestry and Food (Ministry of Agriculture, 1991).

The principles for CRPOV are set out in a document known as the National Strategy for the Development of Agriculture, adopted by the Slovenian National Assembly. The strategy set the following objectives for rural tourism development: rural development policy must be multidisciplinary in concept and multisector. It must be based on an integrated multidisciplinary approach that embraces the same legal and policy framework: adaptation of agriculture and its further development, economic diversification, especially of SMEs, rural tourism services, natural resource management, and enhancement of environmental functions and promotion of cultural tourism and tourism recreation (European Council for the Village and Small Town – ECOVAST, 1991).

The strategy equally emphasizes the importance of agricultural product development and the protection of rural areas and villages, their further harmonious development, the preservation of cultural significance, the protection of arable land and the retention of the population in rural areas (ETB/RDC, 1993). It is also important to monitor the dependence of property income and social expenditures as important factors for agricultural development (Pantić et al., 2019)

Integrated rural development and rural reconstruction (IDRARV = CRPOV) in Slovenia

According to the Organization for Economic Cooperation and Development (OECD), the entire territory of the Republic of Slovenia is a rural area. According to previous research in tourism, rural tourism in this country is an important component of economic and political strategy as well as national image (Hall, 1998).

Initial forms of rural tourism were present on the territory of the Republic of Slovenia before the Second World War, but its development has been organized and systematically encouraged since the 1970s. The development of rural tourism was initiated by the need of farms to generate additional incomes, given that they were insufficient in agriculture. The development of rural tourism had a significant economic role in the

development of rural areas during the period of transition, as well as during the period after this country become a member of the European Union. Slovenia has implemented the fastest and, in the opinion of experts, the most successful transition. Its characteristic is that it has been carried out its own forces, with full respect for the achievements of developed countries, but in addition to relying on their own needs, existing experiences and possibilities of local agriculture (Šmid-Hribar & Ledinek-Lozej, 2013). Non-agricultural activities, especially rural tourism, had numerous economic and noneconomic effects during the transition period, but also in modern period, the most significant being is the reduction of depopulation in rural regions.

According to some authors, the development of rural tourism indirectly protects and preserves the identity of the Slovenian rural area (Lane, 1994). In the Republic of Slovenia, on average, agricultural holdings have only 6.5 hectares of arable agricultural land, which indicated the need to develop non-agricultural activities, especially rural tourism, in order to be profitable. Semi-sustainable farms prevail in the structure, as 47 % of farms use up to two hectares of agricultural land. Considering the nature of the territory of Slovenia itself, as well as the potential of rural tourism, the aim of this paper was to examine precisely the potentials offered by this destination in the rural context of tourism (Grum & Kobal Grum, 2014). In the paper, we are going to use the methods of analysis and synthesis, historical and comparative method.

The modern development of rural tourism in Slovenia

The development of rural tourism in the Republic of Slovenia was realized with the active professional support of the Agricultural Chamber and advisory services.

The result of the successful activities of the Chamber of Agriculture and Advisory expert services in terms of rural tourism development, is the fact that this became an additional activity, at the beginning of the 21st century, where only a quarter of them were engaged in agriculture farms in the Republic of Slovenia (Table 1). According to the results of the Ministry of Agriculture of the Republic of Slovenia, shown in Table 1, 26.7% farms were engaged in rural tourism during 2003, and in 2005, 21.3% of the total number of agricultural holdings. The analysis of the presented data shows that rural tourism is the most represented non-agricultural activity on family farms in Slovenia. According to individual authors, "Rural tourism

is an additional, occasional and very significant productive orientation of peasant economies" (Koščak, 1995, p. 136).

Table 1: *Additional activities on family farms in the Republic of Slovenia in 2003 and 2005.*

Type of activity	No of farms 2003	No of farms 2005	Index 2003/2005	Structure (%)	
				2003	2005
Different services	261	1015	388.8	20.7	47.3
Tourism	337	458	135.9	26.7	21.3
Processing of agriculture product	26	336	163.1	16.3	15.6
Crafts	36	143	397.2	2.8	6.7
Flower design	57	96	168.4	4.5	4.5
Energy production from renewables	23	43	186.9	1,8	2
Education	20	34	170	1.6	1.6
Sale	7	19	271.4	0.5	0.9
Collection and composting organic materials	6	11	183.3	0.5	0.5
Agriculture	8	11	137.5	0.5	0.5
E	1262	2148	170.2	100	100

Source: *Ministry of Agriculture, Forestry and Food. (2007). Rural Development Programme of the Republic of Slovenia 2007-2013, Ministry of Agriculture, Forestry and Food, Ljubljana, p. 49.*

Advisory services in the Republic of Slovenia still play a significant role in the development of rural tourism. They are organized in eight institutes for agriculture and forestry, and more than 15 % of the total number of employees are in charge of the development of additional activities on agricultural holdings. The Chamber for agriculture and forestry employs 300 experts, mostly agricultural and economic professions, and 50 of them are in charge of additional activities on agricultural holdings. Current role of the Chamber of Agriculture and advisory services entails numerous evaluations of the quality of services in tourist households, as well as an assessment of the quality of tourist manifestations (Bole et al., 2013).

The above mentioned is very important in order to raise the quality of services and development of tourist facilities, as a significant segment of the modern rural tourist offer.

Tourism as a great opportunity for the development of Slovenian villages

While tourism all over the world has been characterized by high growth rates in Slovenia, tourism declined since 1990 due to the political situation and spliting from Yugoslavia. The trend of change in the number of tourists in Slovenia during the period from 1985 to 1994 is presented in Table 2. According to those results, it is obviuos that people from Italy have more visitors in Slovenia during 1994 then in 1985, while in all other cases that was not the situation (Dwyer & Kim, 2003). Generally, in modern world people give increasing priority to ecological and environmental quality when deciding where to spend their holidays or choosing a travel destination; looking for a clean and healthy environment, fresh air, green forests, clean rivers and lakes. They usually want to explore a natural way of life. People today live in modern cities and in urban environment and because of that they want to explore nature in the real sense of the meaning of choosing a destination like rural region and village in Slovenia. Bearing this in mind, people more often look for village fresh air, peace and quiet, domestic tasty food with traditional way of producing and because of that rural tourism are becoming a compensation for and a contrast to the life in large urban centres (Estol & Font, 2016).

Table 2: *Visitors to Slovenia*

Country-total	Visitor numbers	Market share (%)
1985		
Croatia	320,000	16
Germany	291,000	15
Italy	166,000	8
Austria	97,000	5
UK	87,000	4
The Netherlands	81,000	4
USA	38,000	2
1994		
Croatia	177,000	24
Germany	132,000	18
Italy	131,000	17
Austria	77,000	11
UK	19,000	3
The Netherlands	14,000	2
USA	14,000	2

Sources: *Čuček, V. (2013). Turizam na poljoprivrednim imanjima u Sloveniji, očekivanja potrošača, Presentation, Celje.*

Existing trend in tourism questionably specifies that mass tourism is decreasing, while individual experiences are becoming more popular, and therefore this division of the tourist market is on the escalation. For the future tourism strategy of Slovenian tourism, it is without a glitch clear that the introduction of the cultural landscape of this country and its heritage are of primary importance. Generally, these factors are in fact the basic premises for an elevation rural tourist services in Slovenia (Nastran, 2015).

Slovenian cultural landscape is very explicit but broad in variety. In order to gain a comparative advantage, it is a resource that should be exploited. If we look at the geographic location and its features, we can conclude that only few countries in the world have as broad cultural diversity as Slovenia.

The organized cultural countryside, for a long time now, has not been simply something nice for tourists, but, together with the population and the other typical elements of the specific region, it represents an identity, which in itself is a tourist attraction. Today, most people from different world cities want to spend their vacation with the indigenous people of a region that has its own personality. Exactly this is the topic where agriculture and tourism unify and activate in tandem. Also, the collaboration between agriculture and tourism is proposed on a long-term basis only if both segments are in a balanced association. Both sectors should be perfectly conscious of this (Gosar, 1990).

Consequently, the agrarian occupation will have to realize this relation and act in such a way as to become conscious that the future of Slovenian agriculture is not always measured in increased production, but also increasing numbers of visitors to rural regions. Tourism and the tourist economy should be ecologically positioned, this being a requirement of rural tourism.

The basic key principles of rural tourism development

According to previous results, for the successful development of rural tourism the most important three things are: the balance between people and environment, synchronized operation of different factors and active contribution of the local population (Hall, 1998).

This principle is related to the need for establishing harmony between the people who always or momentarily reside in a definite area with natural, cultural and historic landscape. Challenges are being made to reach this by

providing mutual support between people and living place, as well as by improving the quality of life people in villages (Hall, 1998). Namely, those people want to enjoy almost everything that the population in urban regions has available. Because of this situation, it is necessary, through various forms of grant and similar forms of help, to provide a long-term support to those concepts which in turn support the existing resources, either natural or produced through human effort.

During the past, much damage was caused due to the excessively narrow, sectoral approach and the rigid top down approach. This type of concept was not observed in every aspect of development in a specific area. Today, all plans and ideas, regardless of the size of separate regions, must operate in line with a coordinated action on a national level, starting from the active participation of the government on a state and local level, and they must also be coordinated with the local population's demands (Hall, 1998).

It is commonly known that the domestic population, being linked to a specific area as its own environment, has a much better feeling about what are the real needs of that area, and a clearer vision of future development than the central administration. Bearing this in mind, it will be necessary to include the ideas, requirements, needs, capacities and enthusiasm of the local population in plans for future development of rural tourism (Nastran, 2015).

In order to achieve these principles, the Trebnje Municipality joined the Heritage Trail Association, which is the regional Association for Marketing and Promotion of the rural area in the Dolenjska region. The responsibilities of the association are training people for tourism, produce brochures and other publicity material, create niche partnerships, and attend events (Koščak et al., 1993).

In November 1996, the region was effectively promoted at the World Travel Market in London and later the ITB in Berlin in March 1997 (Koščak et al., 1998). In the framework of the implementation of these and many other actions which are currently in progress as part of the integral rural development in the Trebnje municipality and across the whole of Slovenia, one of the main ambitions for strategies of rural tourism development is to provide the local population with education, so that they could gradually generate new ideas for development and more actively participate in the implementation of these concepts. The previous study showed that the key to success lies in the people who live, work and have

rural roots, and whose offspring will remain in these areas (Koščak et al., 1993).

Essentials for rural tourism development in Slovenia

Rural Slovenia represents a strategic part of the Slovenian population and resources. Presently 85 % of Slovenia's territory is rural, while almost 55 % of the population lives in rural areas and an estimated 41 % of GDP comes from rural areas (Hall, 1998). The rural economy in Slovenia is very much dependent on agriculture. Approximately 75 % of the rural population engaged in subsistence farming (Koščak, et.al., 1993). Regardless of the prosperity of natural and cultural resources, rural areas and villages continue suffering from high rates of unemployment, depopulation, a low economic activity and declining natural incomes.

The support and funding of rural development in Slovenia over the past few years focused on improving agricultural competitiveness, consolidating land, improving market orientation, and developing rural infrastructure. Rural tourism has been recognized as the strategic reagent which can drive the differentiation of the rural economy through initiation new business initiatives and through finding synergies between current agricultural production and tourism (Koščak et al., 1998).

Rural tourism - overnights in Slovenia

International tourists' overnights have increased at an average annual of 13.2 %. Domestic overnights represent the majority of overnights, accounting for 81 % of the total overnights (Lock et al., 2004). The average length of stay varies from 3 to 5 days. Domestic tourists on average have longer trips (about 5 days) while the average for a foreign visitor is approximately 2 days. Key inspiration for domestic tourists is vacation, 80 % of the registered domestic arrivals were for vacation purposes. On the other hand, only 15 % of the foreign visitors come to Slovenia for vacations, the majority comes for business.

Rural tourism represents approximately 2.7 million overnights in Slovenia. This number is the result of adding proper rural tourism overnights 145,354. Therefore, it is estimated that rural tourism overnights represent 27 % of total tourism overnights in Slovenia (Nastran, 2015). According to this, rural tourism already plays an important role in tourism in Slovenia.

Differences and similarities among rural tourism in Slovenia and Serbia

The participants in rural tourism in different state sectors of Slovenian and Serbian rural tourism assessed how important these actions were for the future development of the industry and their impact in relation to these actions (Štetić & Šimičević, 2008). In recent years, tourism development in Serbia has not been given much importance, which has resulted in low competitiveness on the international market (Petrović-Ranđelović & Miletić, 2012). During the past few years, rural development in Serbia has been defined as economic, social and ecological priority by the Government of the Republic of Serbia (Todorović & Bjeljac, 2009). Diversification of the rural economy into a socially, economically and environmentally sustainable form aims at improving the quality of life, reducing poverty, as well as in contradiction of social and environmental degradation (Vujko & Gajić, 2014).

It can be said that the shy facts and lack of additional skills of the rural population is confirmed by the data according to which 97% of the rural population in Serbia did not attend skills training programs, and 54% of the rural population lacks special knowledge and skills (Petrović et al., 2015). Rural tourism statistics are based on estimates of both capacity and turnover. As rural areas in Serbia make up 85% of the territory, a significant number of nights spent in mountain and spa areas (Vujko & Gajić, 2014), as well as in other tourist or non-tourist places, can be recorded as overnights stays in this tourist segment.

A previuos study showed that the most competitive indicator is hospitality. Today, in rural tourism region of Serbia it is estimated that about 300 rural households with 8,000 beds offer services and realize over 150,000 overnights annually (Petrović et al., 2016). All of this lead us to the conclusion that tourism is a service oriented activity dependent upon interaction, contact and communication with tourist visitors. In accordance with the current regulations, a tourist farm in Slovenia can have a maximum of 10 rooms, or 30 beds for tourist accommodation, as well as a maximum of 60 seats in the hospitality industry. The obligation of tourists is also normatively defined farms to have at least 30 % of the agricultural supply in the catering - of food products from their own production, 30 % can buy in trade, and the rest are obliged to obtain from other agricultural from other regions.

In contrast to Serbia, Slovenia raised rural tourism services to a higher level. As we already mentioned, Slovenia legally defined three types of tourism farms (rural households): open door farms, tourist farms and wineries. System for quality classification is determined by one, two, three and four apples. The categorisation is performed when all the conditions for the start of a tourism farm are met. During all periods of a year, weekends are booked which indicates that there is no high and low periods of the season. Since the 1970s (Koščak, 1998), Slovenian government and rural household owners have been doing a great job to achieve a high level in rural tourism and become compared with France and Italy which are the leaders in the rural tourism industry.

Conclusion

The development of rural tourism in Slovenia has been started since the 1970s. The beginnings of the development of this type of tourism were very difficult, especially due to the political situation and events during the 1990s when the former Yugoslavia collapsed and Slovenia gained independence. During the 1990s, Slovenia recorded a significant decline in contributions from tourism, however, during the later years, the formation of adequate strategies led to a return to the competitive tourism market in the world. The strategy established by the Ministry of Agriculture was very effective in developing rural tourism and its supply in Slovenia. This country made use of all the EU accession funds during the integration process, with the greatest investments being made in educating the local population and raising awareness of the importance and economic benefits of rural tourism. Today, this small country with only 2 million inhabitants has developed very high-level rural tourism, which is competitive even with the leaders in this field such as Italy and France. Rural tourism stakeholders across the various state sectors of Slovenia have evaluated how important state actions are to the industry's future development and their performance in respect to these actions. The diversification of rural economy towards socially, economically and ecologically sustainable form aims at improving the quality of living and lowering poverty, as well as standing against social and ecological degradation. These aims are directed primarily towards the elimination of poverty, sustainable environment protection and the global partnership development. Given that Serbia and Slovenia have similar economic opportunities, social and agrarian policy, Serbia could use the Slovenia model for its rural tourism development.

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SALINE HABITATS AS UNDISCOVERED ECOTOURISM ATTRACTIONS

Milica Luković [1]; Zora Dajić Stevanović[2]

Abstract

Saline habitats are primarily lined to arid and semi-arid areas, but today, it is noted an increasing percentage of salt affected soils in the world. Inland (continental) saline habitats, as a type of intrazonal and very rare ecosystems, represent a real challenge in utilization in terms of systematic ecological research and applicative aspects of sustainable agriculture activities, nature-based tourism, educational tours and special gastronomy offer. In the Republic of Serbia, saline habitats are primarily distributed in the northern part of the country, in Vojvodina's Pannonian Plain, but they are also found south of the Sava and Danube rivers, where they occur sporadically in the form of fragments or smaller localities in the central and southern Serbia. The main aim of this study is to present rare and untypical ecosystems, such as the saline habitats in light of their possible sustainable utilization through a socio-economic-ecological system for utilization in nature-based tourism and to raise the options for economic diversification in local communities.

Key words: *saline habitats, ecotourism, local economy diversification*
JEL classification: *Q57*

Introduction

Saline habitats represent unusual and interesting ecosystems that provide a wide range of different ecological (supporting and regulating) and socio-economic (provisioning and cultural) services (Williams, 2002). There is a range of saline habitats encompassing the pristine alkaline semi-deserts and mangrove forests, coastal vegetation on cliffs and sand dunes, natural

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grasslands on solonetz and solonchack soils, inland salt marches and some others (Kapler, 2019). Some types of saline habitats are closely related to wetlands and therefore the main benefits that they provide are maintenance of the water quality and supply, decrease in suspended matter, regulation of atmospheric gases ratio, carbon water regime regulation, pollutants retaining, sustaining the unique indigenous biota, protection of shorelines, and providing recreational, cultural and educational resources (Dise 2009; Haslam et al. 2009; Ramírez and Santana, 2019). At first, the saline habitats are the sites of unique biodiversity, but at the same time, positioned among the most vulnerable and sensitive ecosystems (Smardon, 2009; Ramírez and Santana, 2019). The main threats affecting the saline habitats are direct and indirect human activities, mainly related to activities in agriculture and soil melioration practices, in addition to, habitat alteration, mining, pollution, invasive species effects and human induced climate and atmospheric changes (Williams, 2002).

Saline habitats as internationally important and conservation recognized sites (Wallis De Vries, 2002) deserve attention in specter of nature-based tourism activities aimed to raise awareness of such habitats and their active protection. Ecotourism is a nature-based activity focusing on tourism-conservation symbiosis. Since the last decade, it has been advocated internationally as an alternative economic activity benefiting valuable ecosystems conservation since the last decade (Li-Pin Lin, 2012). Regarding ecotourism as an alternative tool of environmental management (Jamal and Stronza, 2009), it is important to wonder whether ecotourism potentials are associated with site resources, facilities and the socio-economic status. The aim of this study is to overview the values of inland saline ecosystems in ecotourism. The focus is put on the representative saline habitats in the Republic of Serbia, from the North (Pannonia plane) towards the south (Morava and Toplica river planes).

Saline habitats have an amazing potential for tourism, especially salt lakes, with its spectacular wildlife and dramatic seasonal changes of the landscape. In the R. of Serbia there are several protected saline sites (e.g. Slano Kopovo, Rusanda, Lalinačka slatina…) and more interesting sites that deserve to be exposed on the tourist map. *Saline habitats are specific ecosystems characterized by unusual, rare and endemic flora and vegetation well adapted to conditions of increased soil salinity (Fig. 1). In addition, there are many other interesting species, mainly birds, amphibians and reptiles.*

Figure 1: *Saline landscape with unique flora and vegetation*

Source: *Original photographs by M. Luković (july, 2013)*

Ecotourism in saline habitats can offer a large variety of activities such as bird watching, plants tours, enjoying landscape, education, excursion, passive recreation, photography etc.

Objectives of the study

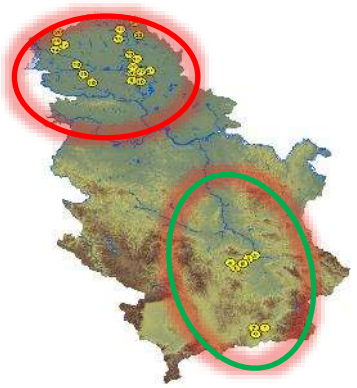
The main objectives of this study are to examine and overview the natural potentials of saline habitats in terms of ecotourism development and potential rural economy diversification in the Republic of Serbia. The data and information analyzed relevant to natural ecotourism resources were supported by secondary information sources like published articles, reports, maps and authors' pervious work (Dajić Stevanovic et al., 2016; Šilc et al., 2020)

Study area

In this study, the inland saline habitats occurring locally, but in wide transect from the north (Pannonian plane) to the central and south Serbia are analyzed. In Southeast Europe, the highly salinized soils, such as solonchacks, are spread over about 70,000 hectares (e.g. Vasin, 2009; Dajić Stevanović et al., 2019). Although such soils are of limited distribution, they are very important from the aspects of a local use (Ćirić, 1989; Vasin, 2009; Luković, 2019). Such habitats predominantly occur in the form of mosaically distributed land parcels on more or less salty wider areas. Continental saline habitats are very well expressed in the Pannonian Plain, while on the south the occurrence of saline soils (especially solonchacks) is occasional (Zlatković et al., 2005). Within the territory of Vojvodina province, saline habitats are widely distributed in Bačka (about 25 000ha), less in Banat (5 000ha), and only small fragments could be found in Srem (Andrić, 2009). In addition to the fact that the saline habitats are primarily

linked to the Pannonian and Wallachian lowlands, and to the neighboring plain regions, it is important to note their distribution southern of the Sava and Danube rivers, where they occur sporadically in the form of fragments or smaller patches in the central (the valley of the Toplice River) and southern Serbia, mainly along the valley of the river Morava (Fig. 2).

Figure 2: *The overview of the most important saline sites in the territory of the Republic of Serbia*



Source: *Luković, 2019.*

Geographically, the most conspicuous saline habitats of the Pannonian Plain are located in Banat (e.g. Slano Kopovo, Melenci- Velika i Mala Rusanda, Kumanske slatine, Žabaljske slatine, Pašnjaci velike droplje etc.), as well as within the Bačka territory (Rančevo, Bački Brestovac, Ruski Krstur, Mali Stapar, Ridjica, Kruščić etc.). In the central and southern Serbia, the most important saline sites are found in the vicinity of the city of Prokuplje (Bresnicicka Slatina, Oblacinska Slatina, Lalinačka Slatina), but also in the area of Vranje, Bujanovac and Preševo (Aleksandrovac Slatina, Oslare, Levosoje, Ljiljanci).

General aspects of ecotourism potential of saline habitats

Saline habitats are remarkable biodiversity centers with the direct economic, social and ecological importance which should be used in a sustainable way to contribute to the development of ecotourism activities. Nowadays these unique ecosystems with a high number of rare, endemic, indigenous and vulnerable species are under the anthropogenic pressure, including the indirect human-induced threats (climate changes, secondary salinization), direct human impact (pollution, solid waste disposals, habitat alteration, building of infrastructure, etc.) and other influences, mainly the

agricultural activities (soil melioration, fertilization, tillage, irrigation, application of pesticides, overgrazing, etc), as well as the effects of invasive species (Williams, 2002). Because of a range of threats and the fact that saline habitats are fragile and vulnerable, they have to be managed in a very rational and well structured way for ecotourism benefits. The main issues, besides man-made ecotouristic facilities, relevant to ecotourism establishment are natural values of saline habitats such as habitat diversity, flora and vegetation diversity, protected areas (and sites in procedure of the official protection) and appropriate ecotourism activities on sites.

The value of saline habitats in ecotourism

The increasing attendance of landscapes and untypical ecosystems has led to the rise in popularity of the ecotourism, whose meaning is multiplied today (Donohoe and Needham, 2006). By definition, ecotourism activities stimulate development in accordance with nature conservation across Europe (Nepal, 2002) and the world. According to the UN-WTO (2016) the ecotourism accounts for over 20% of the total tourism travel. Ecotourism includes, among other things, visits to sites of untouched nature with superbly preserved natural values (flora, fauna, ecosystems, landscapes) with a high degree of management of these resources (Jacobson and Robles, 1992). The Republic of Serbia is one of the countries with outstanding natural values from high mountain ecosystems, through rivers, lakes, and forests, meadows towards very rare and unusual ecosystems such as continental saline habitats. In Europe, continental saline can be classified into two groups according to the basic types of vegetation: 1) dry continental meadows and pastures and 2) wet continental saline sites (Stevanović et al., 1995). Both continental types are recognized in Serbia as well, which are widespread in the Pannonian biogeographic region. According to the Annex I of the Habitats Directive (Council Directive 92/43 / EEC) they are listed among the priority habitat types, referring to Pannonian saline steppe and meadows, and Pannonian saline swamps. From the aspect of ecotourism development, the saline habitats have a number of representatives, diverse, authentic, landscape attractive, native and preserved natural values that give them an advantage over many other degraded ecosystems today. The peculiarity of these habitats is reflected in the preserved characteristic salt-tolerant succulent plant species (e.g. echinoderms – "caklenjače" in Serbian- *Salicornia euroapea* or jurasses – "jurčice" in Serbian- *Suaeda maritima*), building plant communities on extreme very wet and very salty swamp soils, or occur in the drained saline ponds and lakes (e.g. thorns – "trnice" in Serbian- *Crypsis aculeata*). The authenticity of endemic and rare halophytic

species, as well as the attractive landscape of drained salt bars and lakes sometimes resembles the landscapes from some other planet.

The diversity of remarkable saline habitats in ecotourism

Saline habitat diversity is based on different types of saline soils, from moderately saline soils- the solonetz types, to the extremely saline solonchacks. Concerning the great range of saline habitats in Serbia, the following types can be featured as ecotouristically attractive: the Pannonian alkaline saline communities of the camphoric (*Camphorosma annua*), Pannonian alkaline saline sites of muddy inland grass "bezbridnjača" in Serbian (*Puccinellia limosa*), Pannonian saline steppes, and gourds of the coastal wormwood (*Artemisa santonicum),* or typical halophytic succulent communities on the solonchacks (communities of the *Salsola soda*, *Salicornia europaea* and *Suaeda maritima*).

Table 1: *Major saline habitats of importance for ecotourism*

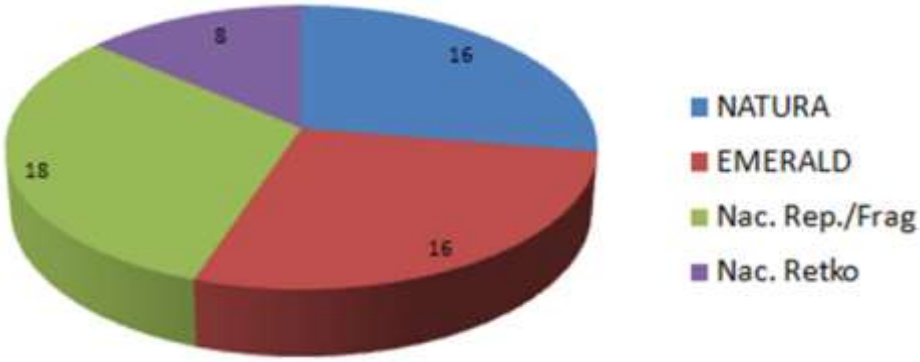
Habitat type	Attraction degree			PA/saline sites
	High	Medium	Low	
Pannonian alkaline saline of Camphorosma	+			PIO "Potamišje", SNR "Pašnjaci velike droplje"
Pannonian alkaline halophytic habitats with Puccinellia		+		NOB "Potamišje", NP "Rusanda", SNR "Slano kopovo", SNR "Okanj bara"
Pannonian saline steppe of Artemisia santonicum	+			SNR "Slano kopovo", NP "Slatine u dolini Zlatice"
Succulent halophytic communities on solonchaks	+			SNR "Slano kopovo", NP "Rusanda", SNR "Okanj bara"
Alkaline saline habitats of Camphorosma monspeliaca on the south of Serbia	+			NM "Lalinačka slatina", site Oblacinsko jezero
Pannonian alkaline halophytic communities of Pholiurus		+		NP "Slatine u dolini Zlatice", NM "Lalinačka slatina"

*PA- Protected area, NOB- Nature of Outstanding beauty, SNR- Special Nature Reserve, NP- Nature Park, NM- Nature monument

Source: *Authors' research based on Luković, 2019 and the documents available at the website of the Institute for Nature Conservation*

The functionality of protected natural resources, including the saline sites, is inextricably linked to their natural and cultural heritage and therefore represents localities of vital importance for the development of sustainable tourism, especially ecotourism. The touristic geographical position of the mentioned protected natural resources is relatively favorable and is located mainly along the larger roads, which makes the accessibility to the sites easier. Many of saline habitats are internationally important and therefore included in various European ecological networks such as Natura 2000, EMERALD or are designated as nationally important.

Figure 3: *The number of saline habitats identified on an international or national level*



(Nac./Rep.- National representative habitat for Serbia, Frag.-Fragile habitat, Nac./Retko-Rare habitat for Serbia)
Source: *Authors' research based on Luković, 2019 and documents available on web site Institute for nature conservation*

In Figure 3, it is provided a number of priority saline habitats occurring in Serbia, including saline grassy formations on the solonchacks, Pannonian grassy formations on solonetz, Pannonian steppes and grooves, Pannonian saline meadows on different soil types, Pannonian alkaline grasslands of *Pholiurus*, wet salt marshes, saline succulent communities, which all are internationally recognized and representative. Based on the literature review and our fieldwork results (e.g. Dajić Stevanović et al., 2016) there was identified the sixteen saline habitat types of priority to NATURA2000. Within the EMERALD network, 16 rare and vulnerable halophytic habitat types are recognized. Such habitats are also representative for the Republic of Serbia. In general, almost all saline habitat types (both inland and costal) with halophytic vegetation are in the process of extinction, which was stressed by many recent studies (e.g. Janssen et al., 2016; Šilc et al., 2020). Therefore, they require special conservation attention.

The diversity of representative flora and vegetation for ecotourism

Halophytic flora accounts for about 2% of the total studied terrestrial plants globally (Hamed and Custodio, 2019), supporting the fact that such specific flora and vegetation develop under the extreme habitat condition which results in poor species diversity. Although halophytic flora is not as abundant and diverse as the flora of the most of the other habitats, there is a strong peculiarity and range of their specific characteristics. According to the literature data, the total of 1188 plant species was determined within the Panonnian saline habitats, whereas 546 and 642 were found in the region of Bačka (Budak, 1998) and Banat (Knežević, 1990), respectively. Such high number of identified plants is attributed to wide consideration of saline habitats, including those of very low salinity.

The saline habitats of southern Serbia are characterized by significantly smaller distribution, with high fragmentation resulting in decrease in plant diversity. In the vicinity of Niš, it was recorded 205 plant species; 166 taxa are recorded in the area of Vranje and 104 in the area of Prokuplje and Kuršumlija (Zlatković et al., 2005).

According to our investigations, the saline habitats of our country (in their strict meaning) encompass the total of 539 halophytic species, out of 374 belonging to habitats of the extreme salinity (Dajić Stevanović et al., 2012; Dajić Stevanović et al., 2016; Luković, 2019). Of the 3662 plant species recorded for Serbia (Stevanović, 1999), halophytes make 14.7% of the Serbian flora.

Table 2: *Review of representative flora of salt affected soils in Serbia of the highest conservation importance*

Species	ECL	S.Z.	Z.	CKFS	CLFS	IUCN	IPA	CITES
Adonis vernalis		+			+	VU		+
Allium gutatum ssp. dalmaticum						CR		
Artemisia santonicum			+		+	EN-LC (DD)		
Aster tripolium ssp. pannonicum			+		+	VU		
Beckmannia eruciformis			+					
Camphorosma monspeliaca		+				CR		
Crypsis aculeate			+		+	VU-LC (DD)		
Crypsis shoenoides			+					

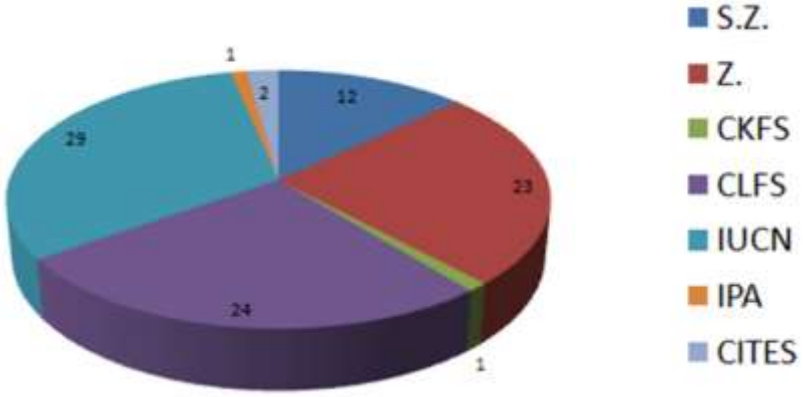
Species	ECL	S.Z.	Z.	CKFS	CLFS	IUCN	IPA	CITES
Cyperus pannonicus		+			+	NT-LC (DD)		
Lepidium cartilagineum		+			+	EN		
Limonium gmelini			+				+	
Orchis laxiflora ssp. palustris		+			+	EN-VU (DD)		+
Plantago tenuiflora			+		+	VU-NT (DD)		
Plantago schwarzenbergiana		+			+	VU		
Puccinellia convolute			+			CR		
Salicornia europaea					+	CR		
Salsola soda		+						
Scirpus lacustris ssp. taberaemontani					+	CR-VU (DD)		
Scorzonera parviflora			+		+	EN		
Spergularia marina			+		+	NT-LC (DD)		
Spergularia media			+		+	VU		
Suaeda pannonica		+		+	+	CR		
Stachys milanii						CR		

ECL- European red list, Bilz (2011), **S.Z.-** Strictly protected species i **Z**.- Protected species, Anonymous (2010b), **CKFS**- Red book of florae Serbia, Stevanović (1999a), **CLFS**- Red list of flora Serbia, Anonymous (2010b) , **IUCN** criteria, IUCN (2001), Stevanović et al. (1999), **IPA** criteria, Stevanović (2005);
Source: *Modified from Luković, 2019*

Table 2 gives an overview of the selected threatened halophytic flora, occurring on salt affected soils, both solonchak and solonetz type, which is classified according to national or international criteria into certain categories of protection or degree of threat, and therefore importance for biodiversity conservation. Due to their conservation value, these species could be of an interest for ecotourism activities, mainly botanical tours. Saline habitats in Serbia encompass a number of critically endangered halophytic species, which are included in Red list of flora Serbia. There is also another group of plants which is internationally recognized and the species which are listed as natural rarities which are strictly protected at the national level, such as: *Plantago schwarzenbergiana*, *Salsola soda*, *Scirpus tabernaemontani*, *Suaeda pannonica* etc. Some species, like *Plantago schwarzenbergiana* are listed on the European Red List and the IUCN Endangered Species List (Bilz et al., 2011). The species is the Pannonian endemic of international importance for the conservation of global biodiversity (Janjatović et al., 1990). In addition to the group of rare and important species within the IPA list (Stevanović et al., 1995), some others,

like Pannonian halophytic species *Limonium gmelinii*, give a special appearance to the Banat's saline habitats, due to its beautiful light purple flowers. An important halophytic species, which dominates in large number of halophytic communities, is the Pannonian sub-endemic plant, the *Puccinelia distans*. The species is the edificatory species and also have a value as a fodder plant (Dajic Stevanovic et al., 2010). In the range of strictly protected species, the most attractive are typical succulent halophytes on the banks of the salt lakes such as *Suaeda pannonica*, *Suaeda maritima*, *Salicornia europaea* etc.

Figure 4: *The number of endangered halophytic species by degree of threat or protection on the international and national level*



Source: *Authors' research based on Luković, 2019 and documents available on web site Institute for nature conservation*

Although saline habitats of the central and southern Serbia do not occupy large areas as in Pannonian basins, a significant number of endangered plant taxa has been indentified there, as well (Fig. 4). Several critically endangered salt tolerant species of the central and south Serbia have been included in the "Red Book of Serbian Flora" Stevanović (1999) such as *Stachys milanii*, *Allium gutatum* ssp. *dalmaticum*, *Camphorosma monspeliaca* and *Plantago coronopus* (Zlatković et al., 2005; Dajić Stevanović et al., 2016). In addition, there are also some endemic species recorded, like *Achillea crithmifolia*, *Diantus viscidus*, *Aster sedifolius* (Zlatković et al., 2005).

Protected saline habitats in the Republic of Serbia

According to data from the Institute for the Nature Protection of Serbia, there are 469 protected areas or 7.66% of the territory of Serbia is under

certain protection regimes. In the province of Vojvodina, protected areas cover 6.56% of the territory, corresponding with 135 protected areas. Out of the total number of protected areas, protected saline habitats are predominantly located within the territory of Vojvodina and include 9 sites (Table 3), which is close to 6% of total protected areas in Province. Only one saline site is so far protected within the territory of the central and south Serbia, and it is the "Lalinačka Slatina", categorized as the Nature Monument.

Table 3: *Review of protected saline habitats in R. of Serbia*

Type of NPA	**Title**	**Level of tourism development**	**Number of visits /god**
SRP	"Slano Kopovo"	***	≈ od 2000-8000
PP	"Rusanda"	***	
SRP	"Okanj bara"	*	
PP	"Slatine u dolini Zlatice"	*	
PIO	"Potamišje"	*	
SP	"Lalinačka slatina"	*	
PP	"Jegrička"	**	
SRP	"Selevenjske pustare"	**	
SRP	"Pašnjaci velike droplje"	**	

NPA- Nature Protected Area, *** - high, **- medium, *- low

Source: *Authors' research based on Luković, 2019 and documents available on web site of Institute for nature conservation and Statistical office of the Republic of Serbia*

In addition to the officially protected areas, there are other saline sites that deserve attention from both the conservational and ecotourism aspects such as Bresničićka and Oblačinska saline sites, situating near the city Prokuplje, together with wide spread sites in the region of cities Sombor, Senta and Kumane. Most of protected saline habitats, in addition to their exceptional natural values, have a partially developed or undeveloped ecotourism infrastructure. The Special Nature Reserve "Slano Kopovo" and Nature Park "Rusanda" are particularly the only two sites with the developed infrastructural access network of roads, information boards and organized tourist activities, which significantly strengthened the tourist offer of Novi Bečej and Melenci municipalities, respectively. As one of the last salt lakes, SNR "Slano Kopovo" is one of the top 10 Special Nature Reserves in the Vojvodina region and a top destination for true nature lovers. In general, the development of tourism in these areas is far below the affirmed touristic destinations, but from the point of view of ecotourism, these sites could be

very significant. Bearing in mind that these sites are of high ecological importance, tourism development must be in harmony with nature, strictly controlled and within the limits of environmental capacities.

Potential ecotourism activities on saline habitats

Saline habitats and their wild life could be an interesting part of global tourist experience as well as the national offer. Nowadays, among the most visited ecotourism destinations are wetlands, especially Ramsar sites, which also include the saline habitats. Based on the natural factors of attractiveness, rarity and authenticity, the saline protected areas may provide sustainable tourism activities, such as educational and excursion tours, or some special types of ecotourism such as plant tourism, bird watching, photo-safari etc.

Table 4: *Potential ecotourism activities which could be performed on Protected saline habitats; examples are given for three largest saline PA in Serbia*

Ecotourism category	**SNR "Slano Kopovo "**	**NP "Rusanda"**	**SNR "Pasnjaci velike droplje"**	**Potential facilities**
Birdwatching	***	**	***	-Bird hide and wooden trail -Wooden bridge -Watching tower
Herbal tour	***	***	**	-Footpath
Education/ excursion	***	***	**	-Info tables and benches -Educational centers -Entrance signboard
Passive recreation	**	***	**	Footpath
Photo-safari	***	***	**	Watching tower

*** - high, **- medium, *- low

Source: *Authors' research*

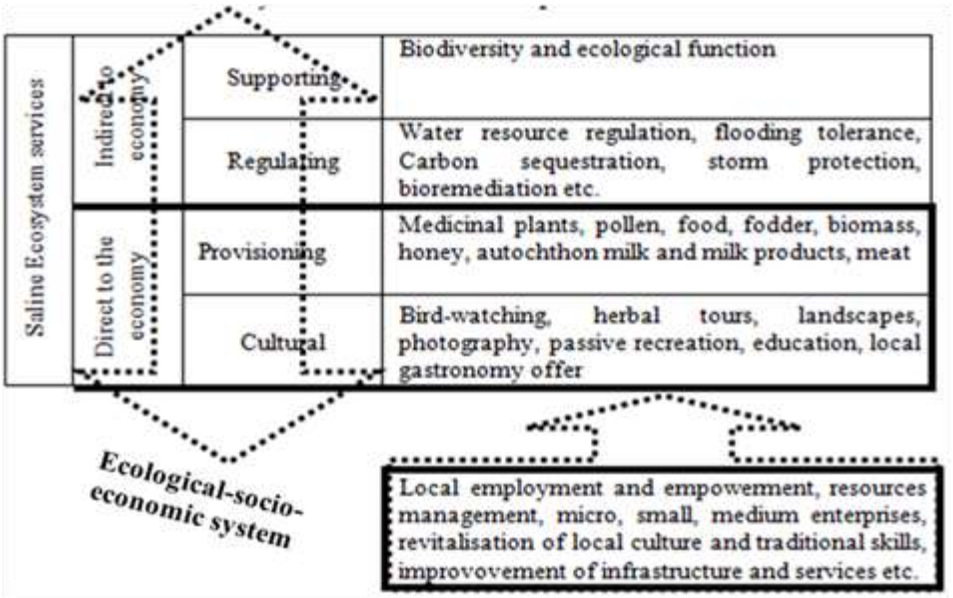
Table 4 shows a list of ecotourism activities on the largest and the most famous protected saline habitats, together with the list of facilities that should be developed+/installed in or around the destinations. To conduct ecotourism activities on the site, it is necessary to construct appropriate facilities, which are missing at the moment, together with implementation of the system for controlling the site visits. All analyzed protected saline sites (Tab. 4) have more or less good potential for birdwatching, herbal tours, education and excursions, passive recreation or photo-safari without or with minor impact on ecosystems. The example of good practice could be the famous ecotourism site, such as The Anzali Wetland in Iran, where tourists enjoy watching birds and scenery from the inside of the bird hide or watching tower with installed boards that explaining biology and ecology of the birds. Footpaths could connect other facilities and in relative short distance, tourist can enjoy short walk. Along the path, signboards could explain the nature, type of habitats and plants. The environmental education centers are used for various kinds of education activities including eco-tours. The signboard at the entrance should explain the key elements of the site (the size, conservation status, allowed and permitted activities, main nature specificities, key endangered species, facilities, etc). The main idea of ecotourism is to lead and inspire tourists to take action in environmental conservation.

An overview of the services of saline ecosystems in the function of local economy diversification

According to the International Ecotourism Society (2015), ecotourism is understood as a sub-category of sustainable tourism restricted to the natural environment to provide conservation awareness, as well as sustainable local development (Mondino & Beery, 2019). The main idea of ecotourism is to support both conservation function and the sustainable development function. Besides natural values of examined areas, number of studies highlighted neglecting of economic aspect (Buckley et al., 2003). Ecosystem services are an important tool for assessing the ecological and economical benefits from sustainable use of particular site. Saline habitats provide specter of ecosystem services that could improve the local economy diversification.

Regarding previous researches (Dajić Stevanović et al., 2016; Dajić Stevanović et al., 2010, Dajić Stevanović et al., 2008), saline ecosystems provide complex of ecological- indirect to the economy services, as well direct socio-economic benefits (Figure 5).

Figure 5: *Ecosystem services and potential economic benefits of using saline habitats*



Source: *Authors' research*

Saline ecosystem services are based on environment (numerous plant and animal species, habitat diversity), and offer, besides supporting and regulating, range of services of cultural importance. Ecotourism, as a part of cultural saline ecosystem services, includes commercial activities such as bird-watching, herbal tours, landscapes, photography, passive recreation, education, and local gastronomy offer. It is important to highlight a new aspect of ecotourism offer in sense of improvement and enrichment of traditional gastronomy with halophytes. In recent time, there have been several studies that analyzed halophytic species (eg. *Salicornia europaea*) as salads or main course (Loconsole et al. 2019). Ecotourism contributes to an ecological-socio-economic system through the economic development and management of resources by generating revenues; provides opportunities for local jobs and employment, and develops a sense of ownership of resources. Its multiplier effect is high due to the strong forward and backward linkages with different economic activities (Eshetu, A. A., 2014).

Conclusion

Saline habitats offer a wide range of extraordinary natural values, from flora, fauna and vegetation to habitats and landscapes. Based on these

potentials, it could be promoted community-based natural resources management and local economy diversification. Ecotourism can be used as a tool for maintaining symbiosis nature of conservation-economy, through the specter of nature-based activities (bird-watching, herbal tours, tour path, gastronomy etc.) in a sustainable manner. Ecotourism is still in its initial stage in these areas, but it holds significant potential for growth.

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LIVESTOCK AND TOURISM AS MEANS TO PRESERVE THE SPECIFICITY OF PRIJEPOLJE RURAL AREA

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Abstract

Prijepolje municipality has 38.205 hectares of agricultural land. Most of it is under meadows and pastures (21.098 ha or 77,6%). Livestock fund in municipality of Prijepolje consists of 7.165 heads of cattle; 16.366 sheep, 2.742 pigs and 1.552 goats. The rural area of the municipality represents a significant however still unused resource, not just for conventional food production but for development of sustainable organic animal husbandry production. Municipality has significant potential for tourism development. Touristic attractions could be mountain biking, biking, paragliding, canoeing, rafting, nature walking, free climbing, hunting and fishing and religious tourism. According to analysis, when we take into consideration the available resources, agricultural development in the future, especially development of animal husbandry and tourism should be the pillars of rural development of the Priepolje municipality.

Key Words: *Prijepolje, agricultural resources, livestock, animal husbandry, tourism development*
JEL classification: *Q1*

Introduction

Agriculture is one of the most significant industries in Serbia. Many social factors influence the level of development and quality of primary agricultural production and processing industry in order to obtain the quality of food products, on which healthy nutrition of citizens is largely dependant (Mekić and Novaković Zorica, 2012). The development of agriculture is influenced by a number of factors, which are usually

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systematized into three main groups: natural, demographic and economic (Ševarlić et.al., 2008).

Serbia has 5.734.000 ha (0,56 ha per resident) of agricultural land, approximately 4.867.000 ha of that area is arable land (0,46 ha per resident). Approximately 70% of total Serbian territory is agricultural land, while 30% is under forests. Around 48% of Serbian population lives in rural areas with a population density of less than 150 inhabitants per square kilometer. Due to the relatively high share of active agricultural population in the structure of the total population of Serbia of 16%, and significantly lower income per unit of capacity, labor productivity measured by total production per active farmer in our country lags far behind the developed countries in transition (Mekić and Ćosić, 2019). For example, France has 1.8% of the active population in agriculture, Austria 4.9%, Bulgaria 6.4%, Hungary 2.9%. Domestic livestock production is in an unenviable position. According to RSZ data, at the beginning of 2019, there were 881,000 heads of cattle, 1.7 million sheep, 2.7 million pigs, 196,000 goats and 16 million heads of poultry in Serbia (Mekić and Ćosić, 2019).

The Zlatibor area is located in the southwest of the Republic of Serbia and covers an area of 6,140 km2, which represents 6.9% of the territory and is the largest area in Serbia. The area is known throughout Serbia as a popular tourist destination, mainly due to its impressive nature and various tourist attractions. Tourism products with the highest business potential are products related to the use of nature and ecotourism, health, rural tourism, cultural tourism, river cruising, as well as business tourism. In the structure of agricultural land, 91% consists of arable land, meadows and pastures, while 9% is under orchards. The aim of this paper is to point to the prospects of development of agriculture primarily Animal Husbandry (cattle, sheep and goats), and the possibility of developing rural tourism in the analyzed municipality of Prijepolje.

Geographic-demographic characteristics of the municipality Prijepolje is a municipality of the southwestern part of the Republic of Serbia, which belongs to the area of middle Polimlje. With its 827 square kilometers, Prijepolje is the second largest municipality in this area and makes 13.45% of the territory of Zlatibor region, or 0.94% of the total territory of the Republic of Serbia. According to the 2011 census, the municipality was populated by 37,059 inhabitants, representing 12.93% of the total population of the area, with an average population density of 44.81 inhabitants per km². The average elevation of the territory of the Prijepolje

municipality is above 1,200m, which means that it belongs to the hilly-mountainous region, whose highest point is the peak of the mountain Jadovnik (Katunić) 1,734m. The lowest point is located at the mouth of the river Mileševka in river Lim at the 440m above sea level.

Relief: in the morphological appearance of the territory of Prijepolje, there are several smaller natural units that, together, make up the depot of the area of middle Polimlje. The lowest parts of the Prepolje region are the alluvial plains of river valleys: Lim, Seljasnica, Ratajska, Mipska, Komaranska rivers and river Mileševka. The Lim valley was widened at Brodarevo and Prijepolje, between which the Lim flows through narrow gorges cut mostly in limestone, sometimes in serpentine and other rocks and steep slopes, were a significant factor in the creation and design of rural settlements, the small town of Brodarevo and the urban settlement of Prijepolje.

Climate: Prijepolje is at the edges of maritime and continental air masses. Therefore, Prijepolje can be counted as a municipality with a temperate continental climate, which is significantly affected by the surrounding relief. Average annual temperature is about 9,3°C.
Climate parameters

- Average air temperature in January +0,7(ºC)
- Average air temperature in June +19,1(ºC)
- Average yearly air temperature +9,3(ºC)
- Average number of frost days per year 21,4
- Average number of tropical days per year 60.
- Average yearly humidity 74(%)
- Average yearly rainfall 65,80 l/m^2
- Average number of snowy days per year 60
- Average number of days per year with snow cover 90.

Natural characteristics

Land: Prijepolje municipality is full of diverse landscapes: from the gentle valleys in the Lim valley (Brodarevo, Velikozupska, Ivanjska and Prepolje-Zaluška), dense forests (Zlatar, Jadovnik, Kamena gora, Lisa, Pobijenik and Ozren), mountain pastures (Kamena gora, Jabuka , Babine, Vrbovo, Stranjani, Aljinovići, Pravoševa and others) to the canyons (Mileševka, Lim and Dubočica) and Sopotnica waterfall. According to the 2012 census of agriculture, the available agricultural land of the Prijepolje Municipality

is 61.878 ha of which: 29.081 ha (27.190 ha of used and 1.891 ha of unused agricultural land), forest land 31.002 ha and other land with 1,795 ha. Land in the Municipality of Prijepolje, by surface and quality, represents very important natural resource. The total structure of land in the municipality of Prijepolje is 827 km2, of which agricultural land is 383 km2, arable land 90 km2 and forest area 697 km2.

Rivers: Lim is the largest river that flows through the territory of the municipality of Prijepolje, and therefore all smaller waterways of this area are designated towards it. The 220 km long Lim River flows through Montenegro, Albania, Serbia and Bosnia and Herzegovina. It springs in Montenegro below the highest peak of the "Crna planina", Maglić (2,142m), just a few kilometers from the place where Tara rises, it flows through the "Plavsko jezero" and flows into the Drina between Goražde and Višegrad. Today, the river Lim is known as one of the most attractive rafting rivers. From the main stream to the medieval town of Mileševac, the river Mileševka has created a cut through a valley which is now called the Mileševka River Canyon. What characterizes it are: wilderness, inaccessibility, steepness, depth (in some places as deep as 300 m), the sides of which are almost vertically descending towards the river bed. Above the rocky river bed of this river, stands a tall and slender relic plant "Pančićeva omorika", Serbian spruce.

Forests: An important natural resource of the municipality of Prijepolje is represented by the forms of relief created by different geomorphological processes. Of particular importance are the canyon-type river valleys (Lim, Mileševka and Dubočica canyons) with diverse flora and fauna. Plant species which are especially prominent are: relict site of Serbian spruce "Pančićeva omorika", endemic species of black pine and chestnut trees in the canyons of Mileševka and Yew plant in the Dubočica canyon. The territory of the municipality of Prijepolje has significant forest complexes in the areas of Zlatar, Jadovnik, Ozren, Usa.

Mineral and geothermal waters and springs: The hydrological objects of this area stand for its exceptional natural wealth: water springs and inland watercourses of Seljašnica, Mileševka, Lim and other rivers. The area is supplied with water from the well of Seljašnica. It consists of two permanent and several occasional springs.

Population: The basic data we start from when considering the population movements of Prijepolje municipality since 1948 are the data from the

census conducted in 1948, 1953, 1961, 1971, 1981, 1991, 2002 and 2011. According to these data, on the day of the census carried out in 1948, 31,328 inhabitants lived in the municipality of Prijepolje, and according to the 2011 census, there were 37,059 inhabitants in 80 settlements in the municipality of Prijepolje. Parallel to the movement and changes in the population of the municipality of Prijepolje, significant changes have occurred in both the number and characteristics of households. The number of households in Prijepolje municipality has been steadily increasing since 1948 until 1991 when the municipality had the largest number of households. Since 1991, the number of households in the municipality has begun to decrease, so the number of households according to the census in 2011 is 714 households fewer than during the 1991 census.

Agriculture

The Prepolje region is very rich in pastures and arable land that are excellent for agricultural development. In addition, optimal climatic conditions as well as the Lim and Seljašnica rivers who enabled the construction of irrigation systems, also contribute to the development of agriculture. The most developed branches of agriculture in the municipality of Prijepolje are: - Vegetable production - Fruit production - Livestock production. The area of Prijepolje municipality covers 38,205 hectares of agricultural land. According to the 2012 Census of Agriculture, 29,081 hectares of agricultural land were declared and registered within agricultural land, accounting for 76.1% of total agricultural land. The conditions for livestock production, from the point of view of ensuring the volume and quality of animal feed, are favorable (Mekić and Novković Zorica, 2012). The remaining 9,124 hectares of agricultural land, or 23.9%, is either owned by private individuals who do not have registered households and have not declared the land or are socially owned. The municipality of Prijepolje has 6,345 registered agricultural households, which cover a total of 61,878 hectares of land. Meadows and pastures are the most used agricultural land with 77.6% (21.098 hectares), followed by arable land and gardens with 14.03% (3.814 hectares), orchards with 7.84% (2.133 hectares), garden with 0.51% (139 hectares) and nurseries and other 0.02% (6 hectares) of total utilized agricultural land.

Animal Husbandry: Regarding the livestock stock, according to the 2012 census in the municipality of Prijepolje, there are:

a) 7,165 cattle, of which 4,855 are cows (67.8%),
b) 2,742 pigs, of which 41 are sows (1.5%),

c) 16,366 sheep, of which 10,134 are breeding sheep (61,9%) and
d) 1,552 goats.

Agriculture is one of the potential economic sectors in the developing municipality. By intensifying livestock production and increasing the share of this activity in the structure of total agricultural production, encouragement can be given to changing the racial composition of livestock and increasing the production of meat and milk per unit of capacity (Mekić and Novaković Zorica, 2013).

However, agriculture has all the characteristics of underdeveloped and passive areas. In the agricultural sector, some of the main advantages of the municipality are: favorable agro-ecological conditions for the development of livestock, fruit growing, the existence of natural preconditions for the collection of wild medicinal plants and forest fruits and plantation cultivation of medicinal plants. Some of the most necessary measures that must be envisaged by this plan are: intensification of livestock development, rural tourism development.

Agriculture will be a priority branch of the development of the Prijepolje municipality in the coming period. The development of this branch is highly conditioned by the possibilities of placement in the domestic and foreign markets (Mekić and Ćosić, 2019).

Tourism

The municipality of Prijepolje has significant tourism potential, primarily for the development of rural tourism, mountain, transit, hunting, sports, recreational and religious tourism. Ecotourism as a contemporary form of selective or special needs tourism is becoming an increasingly important segment of overall tourism development (Milenković et.al., 2012). The most important rural destinations suitable for the development of rural tourism are: Sopotnica, Kamena Gora, Jabuka, Hisarđik, Hrta, Orašac, Babine, Tičije polje, the surroundings of the monastery Mileševa, river Lim and its tributaries.

In the immediate vicinity of Prijepolje, there are canyons ideal for rafting. Sopotnica waterfalls fall down the mountain slopes like pearls. Archaic villages sought after by adventurers, explorers, tourists, mountaineers and nature lovers. The pristine forests, rapids of the Lim and Mileševka rivers,

clear springs and streams, mountains and canyons offer true enjoyment of the unspoiled natural beauty in an environmentally friendly environment.

Prijepolje is an area where the cultures of many civilizations have been intertwined for centuries. Numerous monuments testify to the survival and existence of these civilizations: Roman period (2nd-4th centuries AD - Kolovrat, Roman altars of Davidovica and Seljane); Nemanjić Age, 13th Century Mileševa Monastery - monument of culture of exceptional importance, Davidovica Monastery - monument of culture of great importance, Kumanica Monastery, Medieval town of Mileševac; Ottoman period (Ibrahim-pasha mosque, Mahmut-beg mosque, Hisarđik mosque, Clock tower, chieftain houses.

Tourist sites – Natural resources: The Lim River forms a composite valley in which gorges and valleys alternate, and the area around it is called Polimlje. Today, the river is known as one of the most attractive rafting rivers. Since 2000, rafting on the Lim River has been included in the tourist offer and today attracts a large number of nature lovers and river challenges. The Lim and tributary valleys provide favorable fishing conditions. Mostly present is freshwater fish (the common nase, European chub, the common barbel, cactus roach *(Rutilus virgo),* gudgeon), and from noble species huchen and grayling are present. The Lim tributaries, especially Mileševka and Dubočica, are rich in brown trout.

Petrovac Beach in Velika župa is one of the most beautiful beaches on Lim. Here, every year, at the end of July and the beginning of August, there is a traditional water jump competition "Memorijal Pajo Potežica", from the 16m high jump platform.

Mileševka river - from the main stream to the medieval town of Mileševac, the river Mileševka has created a cut through a valley which is now called the Mileševka River Canyon. What characterizes it are: wilderness, inaccessibility, steepness, depth (in some places and over 300 m). Above the rocky river bed of this river, stands a tall and slender relic plant "Pančićeva omorika" Serbian spruce. The unique and rare bird in the world - the Griffon Vulture, inhabits these areas of untouched nature. A strict nature reserve "Ravnište" was established in the area of the Mileševka River Canyon, and the canyon itself is a regional nature park. This space is sanctuary for over 317 rare plant species (Serbian spruce, chestnut, yew, walnut, black pine, pine…). The Griffon vultures, the dwarf owl, the dwarf eagle, the karst and the gray falcon, which are rarely seen in Serbia, nest

here. Due to its overall ornithological characteristics, this area has been declared an internationally important bird habitat.

The village of Hisarđik is located 6 km southeast of Prijepolje, near the Mileševa Monastery, on the left side of the Mileševka river. Hisarđik village has long been known for its varied and quality fruit, with over 30 varieties of pears and 20 varieties of apples growing in an area of 10.3 km². Hisarđik is known for growing chestnuts. There are also many natural and cultural historical sites in the area of Hisarđik: the remains of the medieval town of Mileševac (Hisarčika), the Sava Water, a mosque that houses the hand-written Quran, more than 300 years old, and the remains of the 13th-century Ružica church. Prepolje region belongs to the northwest, west and southeast of Zlatar. In a healthy natural environment, especially in its pleasant climate, coniferous forests and pleasant environment, the Zlatar area of the Prepolje region has great tourist potential. South of Zlatar, between the valleys of Lim, Mileševka and Međanska rivers, is the Jadovnik mountain. On the broad top plateu of the mountain are pastures and meadows.

Sopotnica is 17 km away from Prijepolje, at an altitude of 1,200m. Sopotnica is a village recognizable by its waterfall, which is created by the collapse of the Sopotnica River, the formation of waterfalls. The first waterfalls occur at the very source of the Sopotnica River. The area around the Sopotnica River spring, in the Lim valley, is protected as a nature monument "Sopotnica Falls" (Official Gazette of the RS, No. 110/2005) and the first degree of protection has been determined. On the main road Prijepolje-Pljevlja is the Jabuka. It is about 17 km away from Prijepolje. The Jabuka mountains are riddled with many different karst landforms - undulating hills and hilly areas, sinkholes and valleys, flat and forest covered hillsides. It is rich in caves, of which Popova Cave is of particular interest, whose entrance is at an altitude of 800 m and the total length of the cave corridors is 294 meters. The cave has not been explored.

Kurt's pit is the most beautiful cave-pit of the middle Polimlje. Although still under-researched, according to scientific researchers of the Institute for Nature Conservation and the Faculty of Mining and Geology, it is one of the most significant and beautiful speleological objects in Serbia. It is rich in stalactites and stalagmites. For now it is part of the Kamena Gora protected area.

Potentials for active tourism: The municipality has significant potential for tourism development: mountain biking, cycling, paragliding, rafting, hiking, sport climbing, hunting and fishing, orienteering, camping and other forms of active tourism.

In addition to natural and cultural motifs, manifestations are an integral part of the tourist offer. There are 18 events and happenings held in the municipality of Prijepolje during the year.

The geographical location of the municipality offers many opportunities for dealing primarily with rural tourism. The most important rural destinations suitable for the development of rural tourism are: Sopotnica, Hisarđik, Hrta and Kamena gora. The village of Jabuka is favorable for mountain tourism.

A significant tourist attraction in terms of religious tourism is the medieval monastery of Mileševa, with the famous fresco of the White Angel. This site is one of the most valuable cultural and historical resources of the municipality and should definitely be an integral part of the tourism product of Prijepolje municipality.

The accompanying infrastructure is generally in unsatisfactory condition and there is a need for renovation and upgrading. The accommodation capacities are not categorized, so some effort must be made to make a qualitative and quantitative shift here as well.

Numerous cultural and historical monuments, mountains and rivers, hamlets, rich tradition and folklore offer unlimited opportunities for tourism development and attracting local and foreign guests. The municipality of Prijepolje has significant tourism potential.

However, the natural and anthropogenic resources of the municipality are not in themselves sufficient for the development of tourism. The combined efforts of all development actors, including locals, as well as significant financial investments are needed to develop quality tourism offer and attract local and foreign guests.

Livestock breeding as a carrier of agricultural development

Taking into account that natural resources (77.6%, 21.098 ha) are mainly under meadows and pastures and the climate livestock production should

be the basic branch of agricultural production, faster and better development of livestock (cattle and sheep) would result in significantly higher production of milk, meat, dairy and meat products, wool and leather. Taking into account the fact from which area these products originate, their demand in the market would be high and the revenues from these products would be significant. Revenues from this "healthy food" would accelerate the revitalization of this region, especially in rural areas.

Concept of animal husbandry development: Livestock breeding is a very important activity of agriculture of the Republic of Serbia. This is, therefore, the main branch of agriculture, often referred to in the expert circles as the "Locomotive of agricultural development" (Mekić and Ćosić, 2019).

The importance of animal husbandry in agriculture of the Republic of Serbia is reflected not only in the direct sense when the products of animal husbandry mentioned, but also indirectly. From the aspect of rural development, livestock breeding ensures the continued employment of the labor force, as well as the additional employment of the female labor force, which is especially important in the context of high unemployment rate, which mostly affects the rural regions. In addition, livestock farms are more likely to generate income during the year than is the case in crop production, which has a positive impact on the solvency of the farms and on the standard of living of the rural population. In the Republic of Serbia, there is a regional nature of livestock production, which is the result of the availability of production resources and partial specialization. Looking from north to south, it can be concluded that the largest number of pigs (41%) and poultry (45%) are being bread in Vojvodina. The Sumadija and Western Serbia region are the leading breeders of cattle (46%), sheep (60%) and bees (41%), while in the Southern and Eastern regions goats (38%) and bees (35%) are mostly being reared.

Development opportunities: The following development factors will positively influence the future development of agricultural production in the territory of Prijepolje Municipality:

- Orientation to rural households and private entrepreneurship;
- Unpolluted natural environment;
- Education and application of new knowledge and technologies in agricultural production.

Prospects for livestock production: Within the total livestock production, the cultivation of ruminants in marginal areas (cattle, sheep and goats) and horses based on the utilization of available agricultural land can be clearly defined.

When designing further development of livestock production it is very important to have sustainable utilization of available natural resources. General statistical goals in Serbian agriculture should cover economic, social and environmental problems. In that sense it is necessary to:

- Build a sustainable and efficient agricultural sector that can compete in the global market, contributing to national income growth;
- Provide food that meets the consumers needs in terms of quality and safety;
- Provide economical support for people who depend on agriculture and are unable to follow economic reforms with their development;
- Ensure support by creating sustainable village development;
- Protect the environment from the effects of agricultural production;
- Prepare Serbia's agriculture for EU integration.

For faster development and improvement of animal husbandry in the territory of the Municipality of Prijepolje, programs are needed which will include: regulation of agricultural land and its better utilization, increase of animal feed quality, breeding, reproduction, technology according to production lines, professional service, favorable credits, education of producers, incentives from the state and protection, development and application of scientific results, development of milk and meat processing, increase of efficiency and development of domestic market and appearance on the foreign markets. Livestock improvement programs are very complex and long-term (Mekić and Ćosić, 2019).

Cattle and sheep breeding development concept

Genetic improvement of the cattle breeding: Based on the findings so far, we conclude that cattle for combined production, milk-meat or meat-milk should be bred, including domestic colorful cattle in the Simmental type. In extensive and semi-intensive conditions production direction meat-milk should be developed, and in intensive milk-meat production.

Domestic colourful cattle would be improved by selection and crossbreeding. Domestic colourful cattle would be bread for meat and milk. Breeders would be also producers of high quality calves for fattening.

Farmers with better breeding conditions would go towards the direction of milk-meat production and they would be producers of milk, calves and yearlings. They would rear a larger number of cows whose selection would be towards higher milk yield (Mekić and Novaković, 2018). The base for breeding operations must be controlled reproduction.

Therefore, it is necessary, first of all, to take all necessary measures in the field of artificial insemination of cows (A.I.) in order to improve the work of this service, because without addressing this issue, no improved production improvement goals can be realized. In addition to addressing the issue of fertilization of cows and heifers, it is also necessary to procure quality heifers for the purpose of changing racial composition and raising production levels more quickly.

The high quality of breeding material is of interest to the producers, but due to the lack of financial resources, the possibilities for buying breeding cattle are very limited for the time being. A special exogenous factor for intensive cattle production is that, that environmental conditions and health care is provided, food production (preservation of nutrients) and provision of sufficient quantities of food throughout the year. Production in cattle-breeding requires the support of the state over a long period of time in order for the effects of these measures to be felt.

Improvement of the sheep production*:* The main orientation in intensive sheep production in the world today is the production of higher quantities of quality lamb meat per sheep during one year, the production of larger quantities of milk, and in the third place comes the improvement of wool quality and yield. In the future it is necessary to take certain measures to improve sheep production:

- To plan to increase the number of sheep,
- To genetically improve production traits,
- To increase fertility,
- To reduce lambing intervals,
- To provide high quality animal food.

Intensive sheep production should be based on the genetic potential and the life cycle of the sheep, primarily on enhancing the biological base of the

sheep breeding process (Mekić and Ćosić, 2019). Considering that sheep production is with individual farmers, it is necessary to form sample farms with 100-300 breeding sheep, ie. commodity producers of meat, milk and wool. Specialist services would pay particular attention to these farms.

Genetic improvement and sheep breeding program: According to the breeding and selection Program (Breeding Objective and Genetic Improvement Strategy), it is determined that the improvement of genetic capacities and alteration of the racial composition of sheep in the Republic of Serbia should be realized first and foremost.:1) the cultivation of domestic strains of the pramenka breed to conserve genetic resources; 2) by modifying the hereditary basis of a certain number of pramenka sheep - by creating new established populations and types; 3) directing and upgrading the desired characteristics of existing groups of crossbreeds within defined breeding programs. In this sense, the concept of genetic improvement of sheep in the territory of the Municipality of Prijepolje (in short volume) would be as follows: it is necessary to create new more productive population of lighter dual type of production (meat-wool), and keep the milk production at the level of superior sheep of maternal base. Within the genetic concept, combination crossbreeding should be used. For maternal base selected flocks of Sjenica pramenka should be used and for paternal base rams of lighter merino type should be used, such is Württemberg sheep.

The ultimate goal of this work is to create a programmed population with a specific combination of genes, production and traits per sheep: adult sheep body weight 50-55 kg; rams 70-90 kg; yield of unwashed wool per sheep 3,0-3,5 kg; ram 4.0-5.0 kg; fiber diameter 25-29 micrometers; strand length 10-12 cm; fertility 120%; milk yield in lactation 80-90 kg; solid constitution and good health. In any case, breeding conditions should be improved in comparison with the traditional breeding of pramenka that is present (poor accommodation, poor and inadequate nutrition).

Development of organic animal husbandry: Due to the distance from large city centers and limited material resources of individual farmers in the Municipality of Prijepolje, there was no high level of pollution of land, water and air. That is why this space provides good conditions for the production of healthy food. Food safety and quality are crucial to the marketing of agri-food products on the domestic and global markets (Popović at.al., 2017).

General characteristics of organic animal husbandry: One of the most significant goals of organic animal husbandry is to provide living conditions that allow all the animals to behave naturally and satisfy the most important ethological needs of their organism. The increasing number of consumers demanding food that is biologically as valuable and as natural as possible is increasing thus organic livestock products are highly favored. Organic farming, whose synonym is ecologic agriculture and biologic farming, does not represent new agricultural activity. However, for a farm to be characterized as "organic", it is necessary to meet a number of conditions, since this form of livestock production is quite different from conventional, and especially from industrially organized. Most differences are due to the requirement that organic livestock farms pay close attention to the protection and conservation of the environment. One solution that will prevent environmental degradation is the transition from conventional to organic farming. However, mountainous agriculture is very close to organic farming. A large part of our agricultural land can be certified immediately without conversion period.

For organic production, it is important that animals are native breeds and strains of cattle and sheep that are adapted to the particular breeding conditions. The reproduction of animals should be natural, artificial insemination permitted. Hormonal and induced estruses are not allowed. The use of embryos, gene manipulation, embryo manipulation, as well as the use of species and breeds that are the product of genetic engineering is also not permitted. Animal husbandry facilities in the organic farming program must meet the animal welfare requirements. In order to preserve animal health, preventative measures are of great importance, since the use of preparations and medicines is minimized. Organic production in animal husbandry implies that health problems are mainly addressed through preventive measures.

Beekeeping: In addition to the listed branches of development of agriculture, the development of beekeeping occupies an important place.

Tourism development

The concept of sustainable development is gaining ground in the tourism market as well. Ecotourism, as a contemporary form of selective or special needs tourism, is becoming an increasingly important segment of the overall tourism development of many countries during the early 21st century (Milenković et.al., 2012).

The Prijepolje region is famous for its large number of villages with preserved ethnographic and folklore heritage (Plavša et.al., 2007). Agritourism is therefore part of the concept of multifunctional agriculture, or more broadly the concept of integrated rural development. Agro-tourism is, first of all, part of the tourist activity, which encompasses relation between jobs related to travel and temporary stay of people outside their place of residence for the purpose of rest, leisure etc. Tourism can be: resort, rural, hunting, health, entertainment, cultural, sports, picnic, tourist-seasonal and off-season, domestic, foreign and border, individual and collective work. Ecotourism means trips to destinations with recognizable flora and fauna that are the primary tourist attractions, with minimal environmental impact (Štrbac Maja and Hamović Vladana, 2011).

Tourism is important for the local and national economy because it brings income from tourists. The word tourism originates from the English word "tour" which in the Oxford Dictionary means: pleasure from travel, with staying in various places. A tourist is the person who undertakes such a journey (Pejanović and Vujović, 2008).

Tourism in the territory of Prijepolje Municipality depends on natural and anthropogenic potentials, as well as on local authorities, ownership transformation, population standards, tourism management and other conditions. The new concept of tourism organization is based on market economy principles.

The municipality of Prijepolje, with its rich, diverse and attractive natural and anthropogenic tourism potential, is a potentially interesting micro region, whose values have become increasingly significant on the tourist map of Serbia in recent years.

The municipality of Prijepolje has significant tourism potential, primarily for the development of rural, mountain, transit, hunting, sports, recreational and religious tourism. Rural tourism involves various forms of tourism activity (Štrbac Maja and Hamović Vladana, 2007).

Prijepolje has been a crossroads of many civilizations (Roman, Christian, Islamic) for centuries. From the Nemanjić era, the Mileševa monastery from the 13th century - a monument of culture of exceptional importance, the Davidovica monastery, the Kumanica monastery.

The Lim River is known as one of the most attractive rafting rivers. The Lim Valley and its tributaries provide favorable fishing conditions. Mostly present is freshwater fish (the common nase, European chub, the common barbel, cactus roach (Rutilus virgo), gudgeon), and from noble species huchen and grayling are present. The Lim tributaries, especially Mileševka and Dubočica, are rich in brown trout. In the area of Mileševka canyon there is nature reserve "Ravnište", where sanctuary for over 317 rare plant species (Serbian spruce, chestnut, yew, walnut, black pine, pine…) is located. The Griffon vultures, the dwarf owl, the dwarf eagle, the karst and the gray falcon, which are rarely seen in Serbia, nest here.

Hisarđik village has long been known for its varied and quality fruit, with over 30 varieties of pears and 20 varieties of apples growing in an area of 10.3 km². The area of Prijepolje municipality has special tourism potential which is still under-explored and unexploited. In order to develop tourism in this Municipality, it is necessary to:

- To consolidate and design the contents of the tourist offer;
- Increase the attractiveness of tourist facilities along roads;
- Provide point-of-sale marketing on regional roads;
- To provide better accommodation for guests;

Include villages that are ready to participate in the tourist offer.
The existence of such distinctive "Landmarks" would initiate the development of tourism in villages such as Kamena Gora (Natural environment with coniferous forest), Sopotnica (waterfalls) and Milakovići (hamlet of Tičije Polje).

Conclusion

The aforementioned directions of development of the Municipality of Prijepolje can provide a greater degree of functional integration of the geographical area by defining priority activities and solving current development problems.

This can be realized because the municipality has natural resources as a factor of economic and rural development (forests, water, natural resources, tourist potentials). Clean unpolluted environment and significant agricultural and tourism potential.

Priority in investment should be in the development of villages through the improvement of livestock production. It is necessary to use existing,

currently unused natural resources in order to increase the volume of production. Moreover, it is very important to improve and increase production of sustainable agricultural products. It is of great importance to increase the productivity and competitiveness of the agricultural sector through use of human resources.

The development of tourism is possible through:

Strengthening the economic and communication links of Prijepolje and other tourist centers in the area (Zlatibor, Zlatar), in order to create a joint offer of regional tourism (natural sites, traditions, cuisine, agricultural activities and crafts, customs, festivities, manifestations).

Strengthening the comparative advantages of the municipality of Prijepolje by enhancing natural resources (rivers, cultural and historical contents, etc.) to create an additional supply of the most varied forms of recreational activities: rafting, rafting, hunting, fishing, sports schools, etc.

Therefore, the possibility of organic food production, the creation of a product brand with geographic origin and the promotion of rural tourism development are a chance for the prosperity for the Prijepolje municipality.

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PROMOTION OF RURAL AREAS OF BRANIČEVO-DANUBE REGION THROUGH BRANDING OF AGRI-FOOD PRODUCTS

Branko Mihailović[1]; Vesna Popović[2]

Abstract

This paper explores the possibilities of promoting rural areas of the Braničevo Danube region, primarily through the branding of agri-food products. Accordingly, the aim of the paper is to perform a market analysis to select the products with the highest potential to represent the BP region. The purpose of this product selection is to connect them with territory and people in order to enhance the tourism potential of the Branicevo-Danube (BD) region. The methodology is based on the market research conducted in the period December 2018-January 2019, when 67 agricultural producers surveyed in the area of the BP region were engaged in the production and processing of agri-food products. Also, we used indicators of the BD region for the analysis of the situation and the selection of perspective agri-food products with added value. The results of the research showed that the three most promising sectors in the BP region in the field of agri-food production are: 1. Vegetable and fruit processing, 2. Beekeeping and 3. Milk processing.

Key Words: *promotion, rural areas, branding, agri-food products, tourism, rural tourism*
JEL classification: *M31, L83, R51, Q13*

Introduction

The agricultural sector is a significant part of the Serbian economy, so it is often viewed as an area of great potential (Atanasijević & Danon, 2014). At the same time, the development of rural areas is closely linked to the development of agriculture and processing of agricultural products, so

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agricultural production is traditionally the most important sector of the rural economy and the main source of income for the rural population. However, the biggest problems are the unfavorable demographic trends and small households with insufficient market-oriented production (Simonović et al., 2019).

Braničevo-Danube is the dominant predominantly rural region, characterized by rich natural resources, cultural and historical heritage, good geographical connection with key transport routes and international corridors, diversity of potentials for the development of various economic activities (Mihailović & Radić Jean, 2019). In addition to favorable natural conditions, there is a knowledge and tradition of farming in the BP region, but the competitiveness of the sector is weak.

This is due to various weaknesses in the value chain, a low level of producer organization, lack of processing for added value creation and insufficiently professional and well-designed marketing and promotion of regional products (Regional Development Agency Braničevo-Danube – RDA-BD, 2011). Developed agricultural production, according to which the BD region is among the leading regions in Serbia, has conditioned the existence of a developed food industry is a prerequisite for the development of the food industry.

According to the same source, the sector is characterized by remarkable diversity, so that there are dairies, slaughterhouses, confectionery industry, mills, alcoholic and non-alcoholic beverages production, etc. in the region. In the food industry, there is still untapped potential and a range of opportunities for new investments.

Agriculture in Serbia is not considered an ordinary economic branch, both because of the specificity of this production and the tradition associated with it, and because of high expectations (Mihailović et al., 2014). The Republic of Serbia has favorable natural conditions for the development of diversified agricultural production, as it is located in the most favorable northern latitude area characterized by four seasons and four climatic regions.

Accordingly, the development of various plant and livestock production is possible: cereals, industrial plants, fruits and vegetables, seeds and planting materials, medicinal plants, large and small livestock. The northern part of Serbia, Vojvodina, is mostly plain landscape, while the hilly and

mountainous regions are located in the central and southern parts of the Republic of Serbia. Plain regions are found in the Pannonian Plain and its peripheral parts - Mačva, Posavina, Pomoravlje, Stig and Negotin (Mihailović et al., 2009).

By converting authentic village values into tourist values, villages could be opened up to tourist movements, which in size and quality would be significantly different from previous tourist trends in the Republic of Serbia. It would bring dynamics into a homogeneous rural life, stabilize the further stratification of the countryside and open up wide opportunities for employment of the rural population and income generation (Štetić, 2004). Village culture is a factor in the attractiveness of rural tourism. It includes (Vujović et al., 2012):

- A culture of clothing, where folk costume represents a whole in which all the individual elements, in addition to the aesthetic, have instrumental content. In recent years, there has been a gradual dying out in the villages, the disappearance of traditional costumes and the acceptance of finished industrial products, which can lead to the recent complete disappearance of folk costumes. Reminders for the sake of the Serbian peasant brought out World War I dressed in a traditional gun.
- Housing culture, where a tourist lives on a farm property different from the fast-paced city life, together with a hospitable host in an authentically, functionally and aesthetically designed space. Everything has a cultural value in it and the farmhouse is a living museum. Just as it is important to preserve the folk costume, it is equally important to preserve the traditional, authentic Serbian house.
- Spiritual cultural values of the village: 1) Customs, mythological structure; 2) Folklore, traditional and contemporary creation in the countryside.

In recent decades, due to rapid urbanization and industrialization, the urban population has become increasingly exposed to air pollution, high noise, lack of quality drinking water, rapid pace of life leading to psychophysical exhaustion. As a result, there is an increasing need for tourist movements towards the environment of preserved natural and cultural values. In recent years, however, there has been a gradual loss of authenticity of well-known tourist centers. They are slowly losing their original qualities, both in character and in structure, approaching the settlements of urban physiognomies. Given the increased tourist needs and high prices of services in these centers, in recent years there has been a need for more intensive planning of tourist demand towards other parts of the Republic of

Serbia. Thanks to the geographic position of Serbia, landscapes suitable for different forms of recreation, natural beauties, but also rich natural heritage and folklore, there are favorable conditions for the development of the rural tourism (Cvijanović & Mihailović, 2016).

Modern tourism has many functions that are interconnected, making it an indivisible whole that has a great impact on both economic and overall social life (Mihailovic & Popović, 2018). Activating the great tourist potentials of these destinations through tourist valorisation can significantly contribute to overcoming the economic backwardness more quickly, and make the people of urban areas a holiday much cheaper and more attractive. In such circumstances, one of useful ways of promoting the rural areas of the BP region is the branding of agri-food products. Most agricultural products are homogeneous in their basic market and commercial-technological characteristics.

Namely, agriculture, as an economic activity, is specific in that most of the raw agricultural products, and also some food (e.g. raw meat) can be classified into a group of homogeneous products, with little or no differentiation. An exception is certainly the production of healthy, organic foods, where there are significant opportunities for brand development and product differentiation (Paraušić et al., 2007). The need for product differentiation originates in the concept of branding, which can help improve the competitiveness of agricultural production and increase the tourist attractiveness of rural areas.

Literature review

There are numerous concepts of unique brand qualities. They are usually distinguished by dimensions that can be objectively measured (such as taste, shape, reliability) and subjective values that can only be defined in the minds of consumers (such as brand impressions). In an earlier study, the 'functional' dimensions of a brand and its 'personality' were distinguished (Gardner & Levy, 1955). Similar attempts to distinguish brand dimensions have been reported in other works - utilitarianism or expression of value (Munson & Spivey, 1981), satisfaction of needs or impression control (Solomon, 1983), and functional or representational qualities (Chernatony & McWilliam, 1990).

Products vary in the degree to which they can be differentiated. Most agricultural products are homogeneous in their basic market and

commercial-technological characteristics. Namely, agriculture, as an economic activity, is specific in that most of the raw agricultural products and some food (raw meat) can be classified into a group of homogeneous products, with little or no differentiation. The exception is certainly the production of healthy, organic foods, where there are significant opportunities for brand development and product differentiation. A brand positioning strategy is an essential part of developing a sustainable competitive advantage for the brand (Mihailović & Popović, 2017).

Historically, most agricultural products have been sold as generic, non-branded products. Agricultural products have often been declared as easily replaceable with the same products from other locations or from other producers. This is essentially true. Until recently, most fruits and vegetables were brandless (for example, the same type of oranges from Sri Lanka and India are substitutes for each other). The exceptions were the marketing of fruit and vegetables by some multinational companies, such as Ghiquita and Geest branded United Fruits (Crawford, 1997).

Finally, some exporting countries have broken this tradition. For example, the brand of one type of apple "Pink lady apple" was developed in Australia and introduced in 1993. Since the launch and registration of the new brand, price premiums have also been achieved in export markets (Crawford, 1997). Even if competitors eventually copy that kind, which often happens in the fruit and vegetable industry, they can only present it under a different name. Some companies base their growth on acquiring and building rich brand portfolios.

For example, Grand Metropolitan has built various Pillsbury brands: Green Giant Vegetables, Haagen-Dazs Ice Cream and Burger King (Kotler, 2001). Regarding the development of the agricultural brand from Serbia, it is important to emphasize that today Serbia mainly exports only unprocessed agricultural products and that there are no products in this sector with a name recognizable on the world or European market. We are here at the very beginning, and brand creation, especially in the category of healthy food, can only be developed in the direction of products of higher stages of processing, with respect to all internationally known and recognized certificates, quality standards, standards of health food safety, etc.

Development of farmers in rural areas implies their full integration into the system of Serbian agro-complex. Contemporary agricultural production is

characterized by a high dependence of all segments of the agro-complex, which is an important subsystem of the national economy and which includes: (1) the means of production in agriculture and the food industry; (2) primary agricultural production; (3) agriculture and food processing industry (into the ready-made industrial food and industrial non-food products); (4) agri-food products marketing, and (5) final consumption of food. The main characteristics of this great subsystem is the complexity of functional relationships and interdependence of all the individual segments (Milanović, 2002). On the other hand, highly competitive environment forces modern food retailers to be more efficient and to expand their presence into emerging countries that have experienced fast economic growth, structural changes and market liberalization (Popović et al., 2018).

Over the last two decades, the application of marketing and branding strategies for destinations has become increasingly popular. Places of origin are also used for adding-value, protecting and marketing local products. For food products this is often done via geographical indications (GIs) (Donner, 2016). In rural areas, agricultural and food products form an essential part of distinctive assets. Indeed, the communication of food product quality based on geographical origin has become an established value-adding strategy in the global trade, often framed by international policies and regulations (Donner, 2016). The origin-based product can become the pivot of a quality virtuous circle within a territorial approach, meaning that its promotion through a GI process can have positive effects which reinforce themselves over time, permitting to preserve agrifood and related social systems and enabling local stakeholders to pursue economic, sociocultural and environmental sustainability (Vandecandelaere et al., 2009):

- Economic sustainability should bring about improvements to the producers' incomes and quality of life, and boost the entire rural economy dynamic.
- Socio-cultural sustainability should lead local actors to empowerment, to take part in decisions and actions on GI products and to attain a fair distribution of the benefits between actors. Local actors should raise their consciousness and pride in their work, as well as cultural identity and local knowledge and traditions.
- Environmental sustainability should orient actions towards preserving and improving local natural resources such as biodiversity, landscape, soils and water, for future generations.

The first step of the activation process is the clear identification of the product and the local resources needed for production. This relies greatly on local producers' awareness of the "potentialities" linked to specific local resources, which is at the basis of the collective action to value their product (Vandecandelaere et al., 2009). According to the same source, the possibility to activate the quality virtuous circle based on a product of specific quality linked to geographical origin depends on the presence of three main pre-requisites:

- The product: it presents some specific characteristics linked to a geographical origin that gives it a special quality and reputation on the market, with a specific consumer demand;
- The place: the special quality characteristics are the result of the natural and human resources of the local area in which it is produced;
- The people: the local producers, having inherited traditions and know-how, together with other local stakeholders, must be motivated to engage in a value creation and preservation process.

Promotion is an important aspect of the marketing mix: it is crucial to keep constant communication with both current and potential consumers and provide information about the specific quality and characteristics of the GI product in order to increase consumers' willingness to purchase and pay (Vandecandelaere et al., 2009).

Research methodology

Market research was used in the realization of the research assignment. Namely, the methodology is based on the market research conducted in the period December 2018-January 2019, when 67 agricultural producers surveyed in the area of the BP region were engaged in the production and processing of agri-food products.

The conducted research is the result of work on the study: Research and analysis of agro-food products with added value and market potential in the Branicevo-Danube region; within the project: The Taste of Region – Promoting agri-food products with added value to improve economic capacities of family households, Regional Development Agency Branicevo-Danube (RDA-BD), Požarevac, 2018 November – 2019 February. Also, the paper used existing available data on agri-food products in the BP region and research by domestic and foreign authors in the thematic area.

The following Indicators of the BP region were used for the analysis of the situation and the selection of perspective agri-food products with added value:

- the production technology used, available technical resources, the origin of raw materials, production volume and annual income from product sales;
- marketing activities, use of modern IT technology for marketing and promotion of products; market marketing of existing agricultural products, sales channels structure;
- the expected volume of production of agri-food products (in units of products), expected income from sale of agri-food products (in rsd);
- voluntary quality standards, quality control and food safety;
- business improvement (ways of improving the quality of products), critical factors for a higher level of product processing;
- the existence of associations, public private partnerships and high potential cooperatives of importance for the promotion of agri-food products with added value;
- the territory on which the product is produced, the specific taste of agri-food products.

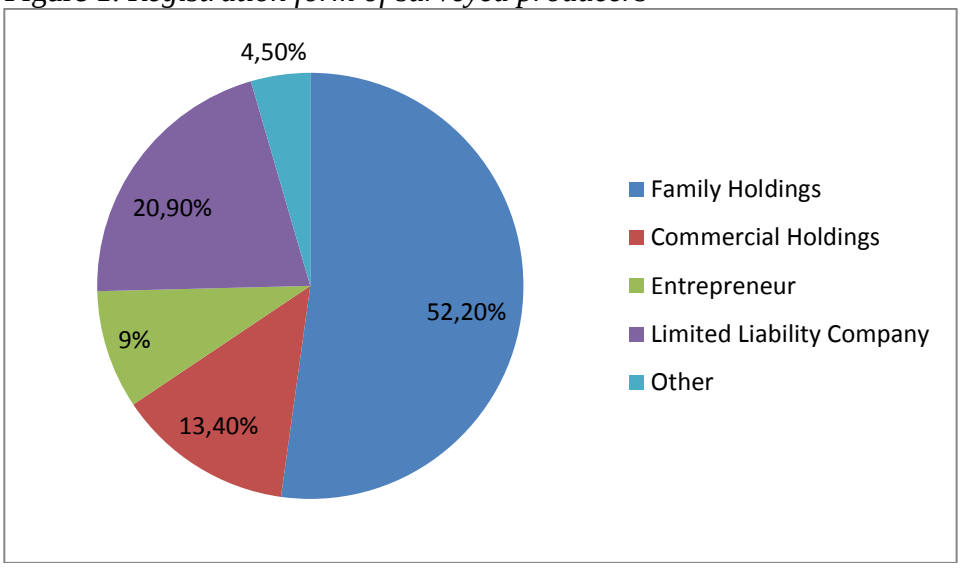
Results and discussion

Product mix includes relevant activities referring to: planning and development of new products, modification or elimination of the existing ones, determining branding, packaging and quality strategy, customer service, etc. A product is a very important instrument in agricultural marketing program. It is important to distinguish between products intended for direct consumption, which underwent no further processing, except for cleaning, sorting and packaging (e.g. vegetables) and the other group, consisting of products intended for industrial processing like raw materials (e.g. grains, cattle, etc.). A good number of products falls into both categories, because they are used both for direct consumption of households and large consumers, and as raw materials for industrial processing. In short, the specificity of agri-food products in the marketing mix is derived from the very specifics of agricultural production, which is the result of its biological nature. The production program of the surveyed producers is based on the following product categories:3 1) vegetables,

[3] In a survey research conducted by Slow Food Velika Plana researchers in December 2018, when 67 agricultural producers surveyed in the area of the BP region were engaged in the production and processing of agri-food products.

fruits and legumes (41.8%); 2) cheese and dairy products (17.9%); 3) bakery products, dough (3.0%); 4) other (37.3%). The largest share of the producers (Figure 1) registered as family holdings (52.2%), followed by limited liability companies - LLC (20.9%), commercial holdings (13.4%), entrepreneurs (9%) and other forms (4.5%). The time interval showing the duration of production of the surveyed producers includes the period from 1958 to 2018. However, the largest share of surveyed producers that started production in 2016 (16.4%), then 2010 (10.4%) and 2018 (9%) (RDA-BD, 2018).

Figure 1: *Registration form of surveyed producers*



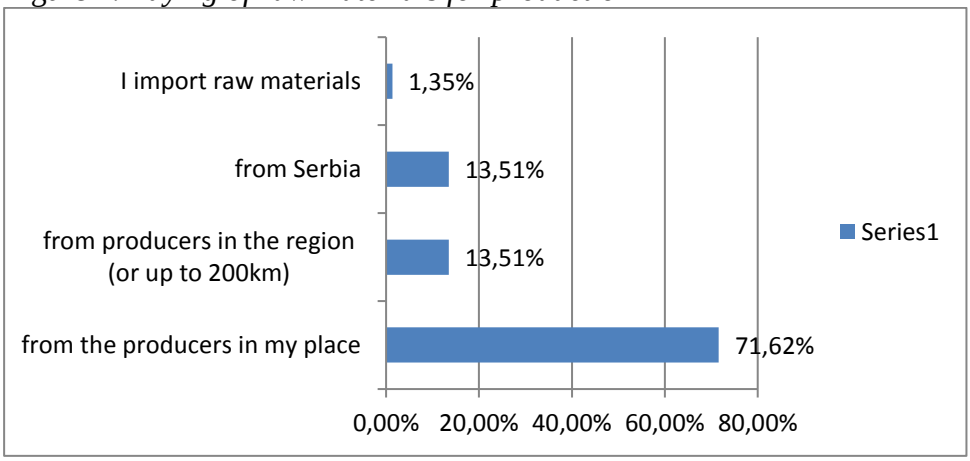
Source: *Regional Development Agency Braničevo-Danube (RDA-BD). (2018). Research and analysis of agro-food products with added value and market potential in the Braničevo-Danube region, within the project – The Taste of Region – Promoting agri-food products with added value to improve economic capacities of family households, Požarevac.*

The producers who use traditional technology and machines dominate (68.7%). A partly modern process with modern machines is present in 16.4% of surveyed manufacturers, technologies and machines of 10 and more years are recorded in 7.5% of manufacturers, and the same number of manufacturers possess a completely modern process with modern machines. Family members are the most engaged in production (45.24%). On the other hand, seasonal workers are engaged in 24.6% of surveyed producers. For some aspects of production for which producers lack sufficient production knowledge and experience, 18.25% of manufacturers

occasionally engage experts (technologists, agronomists and others). At the same time, 10.32% of the producers have permanent employees. Other categories engaged in production include 1.59%. The structure of the technical resources that the producers have at disposal is the following: equipment 32.60%, production plant 17.68%, storage area 25.97%, vehicles 17.13% and exhibition space 6.63% (Regional Development Agency Braničevo-Danube – RDA-BD, 2018).

Farmers mainly procure raw materials for production from producers from their place (71.62%). Of the producers in the region (or up to 200 km away), the raw materials for production are supplied by them 13.51%. Also, Serbia as a purchasing market was estimated by 13.51% of respondents. Only 1.35% of the surveyed producers imported raw materials for production (Figure 2).

Figure 2: *Buying of raw materials for production*



Source: *Regional Development Agency Braničevo-Danube (RDA-BD). (2018). Research and analysis of agro-food products with added value and market potential in the Braničevo-Danube region, within the project – The Taste of Region – Promoting agri-food products with added value to improve economic capacities of family households, Požarevac.*

The average annual income of the surveyed producers in the BP region (family holdings, commercial holdings, entrepreneurs, LLC, etc.) in 2018 amounted to 17,607,873 dinars. However, the average income of the surveyed agricultural holdings (family and commercial) is far below this level and in 2018 it amounted to 1,376,068 dinars. Still, there are positive

business expectations since most manufacturers expect income growth in 2019.

By producing competitive agri-food products, agriculture in the BP region would ensure sufficient income for agricultural holdings, focusing its activities on meeting the needs and preferences of consumers and working closely with the food processing industry. In order to achieve this, certain economic, social and environmental goals must be fulfilled:

1. agriculture must efficiently use natural resources,
2. it must be integrated into the rest of the rural economy and society
3. it must significantly contribute to environmental protection.

Since there is a certain correlation between financial and marketing performance (PIMS model), it is useful to determine which marketing activities are undertaken by the surveyed producers in the BP region. The survey showed that the most common marketing activities are: mouth-to-mouth promotion (28%) and participation in fairs (25.71%). At the same time, the construction and protection of the brand is present in 13.71% of the surveyed producers. It is positively surprising that only 1.71% of the surveyed producers do not deal with marketing, which indicates that in the BP region there is a certain affirmative awareness of the importance of marketing activities.

Information and communications technologies are playing an increasingly important role in keeping farmers and rural entrepreneurs informed about agricultural innovations, weather conditions, input availability, financial services and market prices, and connecting them with buyers (Food and Agriculture Organization – FAO, 2017). When asked: Are you using modern IT technologies for marketing and promtion of your product, the following answers have been received (RDA-BD, 2018):

- I have a website for an agricultural holding or a product: 27.78%;
- I have a facebook page for an agricultural holding or a product: 41.11%;
- I have an Instagram site for an agricultural holding or product: 13.33%;
- I do not use modern IT technologies for marketing and promotion: 17.78%.

The majority are those producers (47.11%) who have a facebook page for an agricultural holding or product, which is understandable as it is a free advertising medium. Also, the participation (27.78%) of producers who have an open website for the agricultural household or product is significant. At the same time, almost 18% of surveyed producers do not use

modern IT technologies for marketing and promotion, which increases the need for training and education of manufacturers in this field (RDA-BD, 2018).

On the other hand, existing products are dominantly oriented to the domestic market (73.1%), and the remaining 26.9% of the producers are selling products on both domestic and foreign markets (RDA-BD, 2018). It is interesting that no surveyed producer places products exclusively on foreign markets. Analysis of the sales channel structure indicates that agricultural products in the BP region are mainly sold directly to consumers: a) consumers come to the manufacturer (37.21%); b) products are sent to the address (19.77%). Sales to tourists as a sales channel are used in 18.02% of producers and have a certain significance for the development of the BP region due to linking tourism and agri-food products of this region. It can also be an effective strategy for branding products in this area. The sale of products to restaurants is recorded at 9.88%, while supermarkets account for 5.81% of producers. There is relatively little sales channel participation through specialized stores, social networks and online stores.

The improvement of the quality of agri-food products in the BD region is achieved in the following ways: quality control (32.79%), new recipes (15.57%), packaging (16.39%), specificity of raw materials (21.31%), label design (11.48 %) and others (2.46%) (RDA-BD, 2018). It is noticeable that the surveyed producers pay the highest attention to quality control and specificity of raw materials for production.

In order to move to a higher level of product processing, the largest number of surveyed producers emphasize the need for additional investments (23.39%), technology and work improvement (20.47%) and market links improvement, sales strategies (18.71%) (RDA-BD, 2018). Improving production, logistics and distribution, as well as marketing and promotion, gives somewhat less attention. The negligible number of those manufacturers who consider procurement is an area that will facilitate the transition to a higher degree of product processing. Most producers surveyed (55.2%) estimated that the product is produced only in the territory of their place. At the same time, 13.4% of those surveyed binds the product only for the BP region. On the other hand, the Republic of Serbia, as the territory where a certain product is produced, is indicated in 16.4%, and the Balkans region in 14.9% of the surveyed producers. Significant is the participation of producers (55.2%) who consider the taste

of their product specific and different from the same type of product from other locations (RDA-BD, 2018).

The most important reasons for the specific and different flavor of agro-food products are as follows: 1) raw materials come from the place of production of agricultural products (26.99%); 2) use of traditional recapture (20.86%) and 3) special variety of plants or animal breeds serves as a raw material for production (19.63%). Something less of importance for the specific and different taste of agricultural food products is land (15.34%) and climatic conditions (14.72%). Only 2.45% of the surveyed producers estimated that their product was not specific (RDA-BD, 2018).

In order to best represent the BP region, we have prepared a selection of products that, with their authenticity and specificity, could be included in the presentation of "Tastes of the Region"(RDA-BD, 2018). These products could be considered as a "basket of products" from the BP region (Table 1).

Table 1: *"Basket of products" from the BP region*

Product	**Note**
Prokupac wine	Indigenous grape varieties
Morava wine	
Homolje Beer	-
Plum brandy with added herbs (Homolje toast)	Indigenous meadow biodiversity
Moravian Ajvar	7 small farmers
Homolje honey	Geographical Indication
Djerdap honey	Geographical Indication
Mlava honey	In the process of discussing to obtain a geographical indication
Veverko - honey cream - honey and hazelnut	-
Honey brandy	Significant visibility in the national market
Homolje Natural Homemade Syrup (Wild Blackberries, Wild Cherries, Drain)	-
Style stewed fruit with white cherry	-
Style stewed fruit of rendered quince nuts	-
Homolje-style stewed fruit from the drain with wild hazelnut	-
Homolje mulberry-style stewed fruit	-

Product	Note
Homolje-style stewed fruit of forest strawberries	-
Homolje-style stewed fruit from the drain with wild hazelnut	-
Lemongrass jam (indigenous plum variety)	-
Osmotic dried fruit	-
Homolje pasteurized sremus	-
Homolje cow's cheese	Geographical indication (no animal race indicated). Pasteurization of milk.
Homolje goat cheese	
Homolje sheep cheese	
Full fat goat cheese	-
Full fat soft sheep cheese	-
Full fat semi-hard goat cheese in olive oil	-
Full fat semi-hard goat cheese	-
Full fat goat cheese	-
A melted spread of full fat cheese	-
Colored cow's cheese	In the process of discussion for the protection of the geographical indication

Source: *Regional Development Agency Braničevo-Danube (RDA-BD). (2018). Research and analysis of agro-food products with added value and market potential in the Braničevo-Danube region, within the project – The Taste of Region – Promoting agri-food products with added value to improve economic capacities of family households, Požarevac.*

Conclusion

The three most promising sectors in the BP region in the field of agri-food production are: 1) Vegetable and fruit processing; 2) Beekeeping, with a particular focus on value-added honey products; 3) Milk processing: with a particular focus on the breeds of animals from which milk is obtained, as well as cheeses made from unpasteurized milk (for the sake of accentuating the biodiversity of the microflora).

It is necessary to engage small producers in the modern market chain, because they are not competitive enough, they trade in informal channels, and their cost of introducing standards is large. Also, it is necessary to improve competitiveness at the level of processing capacities, which would thus find new markets and increase consumption. In the area of primary production, there is a great deal of competition, while there is little competition at the level of processing, which is the result of an unattractive

area for investment due to underdeveloped institutions, failure to meet EU export standards for a large product group, and lack of real competitiveness due to high customs protection. Changes in customer requirements, their demand or habits also cause changes in the functioning of market chains.

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AGRICULTURAL PRODUCTION AND TOURISM - A CHANCE FOR DEVELOPMENT OF RURAL AREAS OF MONTENEGRO

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Abstract

Montenegro has good potentials for the development of rural tourism and agriculture, these are strategic industries for Montenegro.
The aim of the paper is to show how agriculture and tourism can be linked, i.e. to find out what agriculture offers for tourism in terms of increasing tourism potential increase for rural tourism development.
SWOT analysis was used for the purposes of this paper. SWOT analysis has contributed to the application/non-application of factors that affect the valorization or hindering the development of a tourist recreational destination and the competitive advantages of this territory.

Key words: *tourism, industry, development, economy, SWOT*
JEL classification: *R1, Q22*

Introduction

The development of rural areas in Montenegro rests on the advancement of agricultural production and the development of tourism. Rural development in Montenegro so far cannot be compared to developments in European countries. There is a connection between tourism and agriculture, tourism absorbs food and agriculture gets consumers. The development of rural tourism has a positive impact on the revitalization of the rural area. Agriculture and rural tourism in the tourist areas operate in the same area and have a common goal and interest in preserving natural resources. In this exchange, it is the village that tourism and agriculture have in common.

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The National Tourism Strategy in Montenegro recognizes the revival of the countryside, and in this respect the conditions for the implementation of financing modalities to stimulate the development of rural tourism and agriculture are sought. In the last years of the twentieth century, political events were very unfavorable, which reflected negatively view on the environment and other resources. The financial situation was especially bad. There was an ongoing economic crisis, which reduced investments for maintaining communal and transport infrastructure, agriculture and tourism development. This phenomenon continued in the 21st century, resulting in a complete lag in the development of agriculture, which prevented the investments in the development of tourism promotion from being planned and realized.

Funding for the organization of tourism in rural areas is complex and closely linked to the financing of other activities, such as agricultural production. The fact is that the poor financial situation of the rural population has a negative impact on the development of agriculture and tourism, whose activities would raise the standard and improve the living conditions in the countryside. This indicates that encouraging the development of tourism and agricultural activities in all segments in the rural area needs to define financing modalities, which is the topic of this paper. Addressing this problem requires special detailed analysis and research. The multiplication factor depends on the level of economic development of a particular country. The more tourism needs are met based on our products and our resources, the higher the coefficient since less is spent on imports. Different industry groups within the tourism sector are distinguished by different multiplier coefficients. This means their abilities to generate economic effects are different. The multiplication coefficient shows the number of turnovers received by tourists in one year. Tourism can carry out a multiplicative effect, and it is this coefficient realized from tourism in rural areas that can be doubled, that is, one euro that a tourist gives to rural tourism contributes more than double the local population, that ratio is (1 Euro: 2.2 Euros).That is, if a rural household organizes a tourist offer with only four beds, it provides income for one year's salary for one employed worker(Klaus, 2007). These claims indicate that a good organization of various tourist activities in the rural area along with agricultural production can be a driver of rural economic development and retention of young people in the countryside. This is especially important for rural areas of Montenegro.

Given that the provision of funding is a limiting factor for the development of rural areas, a need to investigate these issues arises. Financial resources make it impossible and limiting, from the point of view of the lack of funds on the one hand and not finding good sources of financial assistance on the other hand. It is important that in order to solve these problems in the rural area, the provision of funds for the organization of appropriate tourism activities and agriculture should be carried out in parallel, because these activities are causally and consequently linked. For this reason, it is necessary to determine the modality of financing significant tourism activities and agriculture.

The development of tourism in rural areas in integration with agriculture and other activities of the local community must be incorporated into broader integration programs, connecting at national and international level and with the aim of integrated sustainable development that contributes to the exchange of information, experience and the adoption of methodology, promotes effective marketing.

Rural tourism and agriculture are complementary

Agricultural production is an activity from the earliest human age, while rural tourism is an activity of the new age. Since Montenegro has become a serious candidate for European Union (EU) accession, it has the potential to use International Police Association (IPA) funds intended to stimulate rural development. The most effective investment in rural development is through the development of agricultural production and rural tourism. These attempts to develop rural areas cannot produce rapid positive results, but various incentive measures must be implemented to revitalize and refresh rural areas. Due to the displacement of the population from rural areas, especially young people, rural areas around the world are trying to find specific activities that will keep them there. It is in these cases of persistent rural development, which endured and which tends to develop in a more organized way, people focus on the organization of rural tourism as a complementary branch of the existing agriculture, with the aim of reducing poverty, emigration slowing and reviving rural households.

The development of rural tourism with the traditional development of agriculture requires respect or acceptance of the principle of sustainable development based on eco-tourism with suitable agricultural production lines for the production of various agricultural products (Janković, 2006). Janković pointed out that such an approach to expanding rural tourism

activities with existing agriculture through accommodation services is helping to make the whole chain of activities sustainable and promising. In essence, this approach is the basis for the development of integrated rural tourism, which seeks to achieve a meaningful and authentic visitor experience, which provides added value for the community in terms of exchange with visitors and direct additional revenue for the local economy. This approach is a combination of the principles and methods of tourism work in nature, but is complemented by the pattern of life in a rural environment. Furthermore, agricultural products are consumed and purchased, which are just some examples of how rural visitors can contribute to income on a local farm.

In rural areas, the quality of the local community should be cultivated in order to harness its internal potential. Tourists in these rural areas are easily immersed in the daily life of the host, especially in the activities of preparing and consuming food, but it is often emphasized that this is only because there are few rural tourists and therefore they are welcome as members of the household. Rural tourism is not massively represented, so rare tourists find themselves enjoying the knowledge that is happening between the host community and its natural environment, including all household activities, because the local community does not perceive them as foreigners, which may change with the increased number of tourists, so in such a situation it is necessary to appropriately model a new situation and organize different scenarios in which the tourist is a foreigner and has a separate treatment but also has a full experience of something local and specific.

Montenegro has the potential and opportunities for the development of rural tourism, agriculture is traditionally the most represented activity of the rural economy. Montenegro's tourism development strategy included some activities to revitalize the countryside. That is, the strategy recognized the development of rural tourism, of course, with the creation of conditions for the development of some specific economic activities.

Tourism features in rural areas

The organization of various tourist activities in the rural area is called rural tourism. The definition of rural tourism represents all types of tourism activities in rural areas as a need for the urban population to rest in the special conditions provided by these areas (Jafari, 2000). In 1986, the EU launched its definition of rural tourism, which states that rural tourism is

most commonly used when tourists want to get to know rural culture (Demonja & Ružić, 2010).

According to Roberts & Hall (2003) rural tourism can be determined based on the following key features: located in a rural area; its function is rural; the tourist has the opportunity to participate in traditional activities; that he/she is allowed an immediate match (guest host); there are several types of rural tourism and one that is estimated; to have the greatest impact on the local population is the organized one; local government benefits from the revenue from rural tourism. According to Bartlet (2006) tourism product has its characteristics, too, as follows: experiential behavior, organized - experiential holiday in a rural area; characteristic feature - rural culture; it is essential for tourists to be well received by rural hosts.

The importance of tourism in rural areas

The World Tourism Organization (WTO) points out that the economic importance of rural tourism is reflected in the fact that this tourism promotes the development of rural areas, raises the standard of living of the local population and influences the preservation of traditional economic activities, and often hinders rural areas urbanization. Rural tourism leads to the employment of a new workforce at the local community level and thus provides economic, social and cultural benefits to the local population (Jing, 2006). The economic impact of rural tourism leads to better social changes and this is further manifested in better living conditions through the construction and equipping of communal and other infrastructures in rural areas.

It is important to point out that the economic importance of rural tourism is affecting the growth and diversification of the rural economy, through revitalization and reorganization, which ultimately leads to increases in the quality of life of the local population (Roberts & Hall, 2003).

Đekić & Vučić (2003) pointed out that the economic importance of rural tourism for the local population contributes to: employment opportunities, new job openings, maintaining an existing firm, expansion of existing firms. In the last years of the twentieth century, the accelerated development of rural tourism conditioned the provision of additional income for agricultural holdings, which also indicates the economic importance of rural tourism.

Rural tourism supply and demand

The implementation of the initial plan for the organization of tourism in the rural area first requires the preparation of a Feasibility Study, i.e. a previous cost-effectiveness assessment of the implementation of the plan related to providing a visit to satisfy potential tourists (Vojnović, et al., 2012). If it is estimated that tourist valorization will have positive effects, then a tourist offer is formed in order to provide tourist demand. The profitability of rural tourism organization in the short term cannot be expected, since the organization of this tourism should be intensively worked on and promoted, and also requires a large investment to provide adequate tourism capacity, which in rural area also require special infrastructure. So, the organization of tourism in a rural area can only pay off if it is planned for a longer period (Samuelson & Nordhaus, 2005).

Agriculture and tourism

The intensive development of rural tourism and the development of agricultural production, as well as their mutual impact have a great impact on the local environment, especially if they are in the same location. The development of rural tourism and agriculture depends on a well-designed organization, as well as on their mutual relation and relation to the local environment, i.e. spatial potential.

So far, the relationship between agricultural production and tourism has largely come down to the relationship between the production and consumption sectors. However, with the rapid development of tourism, there has been an increase in tourism consumption and consequently a change in agricultural production. In the vicinity of tourist destinations there is a change in the structure of agricultural production. Agricultural production near tourist destinations could not produce sufficient quantities of food, so it was supplemented by imports.

As a result, these products are sold better, which means that tourism is exporting them. In that sense, the long-term integration of tourism and agriculture can influence the stabilization of agricultural production, and the partnership of agriculture and tourism has an impact on all the economic features of agriculture: participates in the process of production productivity, diversification and increasing production specialization.

Tourism, agriculture and space

In rural areas where agriculture is developed, tourism is a good complementary source of income; a significant contribution to integrated rural development. In this case, various schemes for sustainable and integral rural development are better supported and accepted. In most cases, tourism generates the development of other services with increased consumption and thus affects the economic prosperity of the local community

It is important that there is a balance, that is, a partnership between many participants in the development of rural tourism. It is important that there is a good and direct support from state institutions and other relevant entities for the implementation of incentive measures, such as: economic - credit assistance to rural households and farms, infrastructure - addressing important infrastructure networks, organizational - active involvement of republican as well as local bodies and entities, educational - assistance to the local population in terms of education, information from the tourism industry, conservation of natural resources and a culture of behavior.

Tourism and agriculture, as branches of the economy, use the space to carry out various activities. Natural space, because of its conservation, is of the highest value for tourism in Montenegro, but also the most sensitive because of its characteristics, which is why it is a limiting factor of development. Agricultural production must be carried out with appropriate technological conditions that guarantee nature's ecological balance. It is important to notice that agriculture is especially linked to the rural area, where the man also lives. Preservation and development of the rural area, life there and appropriate production and market infrastructure for the use of spatial resources and maintaining the links between agriculture, tourism and space, then all the conditions for agricultural and tourism development are met (Dulčić, 1997). The development of agriculture and tourism is an economic interest, but only for optimal use with long-term respect for the local population, environmental protection, non-renewable resources and cultural property.

Montenegro is now much better at organizing the development of agriculture in rural family households than a decade or more ago. The rural family household must be instructed and acquainted - prepare for agricultural production according to the demands of the world market. Preparing rural family households for such agricultural production requires

a flexible approach, dynamic activity and innovation to increase competitiveness, with continuous work on optimal use of space, environmental protection, reducing material risks of agriculture.

In areas with existing potential in a particular area for the development of agriculture and tourism it is considered best to organize family households mixed by source of income and they should be stimulated in this respect (Defilippis, 1993). This way of organizing family households leads to the conclusion that combining the work and employment of family members in agriculture and tourism enables them to achieve their maximum profit.

Rural development

Agritourism is a specific experience in the rural area that enables tourists to enjoy and get acquainted with the traditional heritage of the village, natural landmarks as well as the opportunity to actively participate in the activities of the farm. Agritourism is mainly used for certain terms referring to tourism products that are directly related to agricultural i.e. agricultural and agricultural products or for living in rural areas, such as farm stay, camping, recreational activities, educational visits, the sale of handicrafts and agricultural products (Lazic, 2005).

Agritourism is nowadays intensively developing in the highly developed countries of Europe, Australia, the West Coast and the Northeast of the United States of America (Andereck & Vogt, 2000). Increased demand in these markets for agritourism products due to a combination of the two trends due to the decline in agricultural production on the one hand and the growing market demand for holidaying in the countryside and rural areas on the other. According to Buselić et al. (2008) agritourism offers a whole range of potential benefits for local community, there is an opportunity to diversify the business activities of the local economy to generate income. An opportunity for educating the public about the importance of agriculture, with the contribution of local community economy development and a better quality of life, as an activity and its contribution to the development of the local community economy and quality of life in it. There is potential for economic incentives and reduction of the difference between urban and rural areas, there is an opportunity to create an image of the space and to identify local products and to present direct marketing of the rural area with a common economic contribution and therefore to improve the quality of life of the local community.

Agritourism does not imply acceptable activity for all farmers in rural areas. Those who wish to succeed must possess specific personal characteristics as well as some resources within the facility in which they wish to deal with this activity. First of all, it is necessary to have certain physical and / or natural resources, human resources that will be in the function of quality of service, there must be an appropriate legal system that will enable such an object to operate, as well as necessary existence of local community support. In terms of personal characteristics, farmer entrepreneurs must be open-minded, highly motivated for this business and willing to share their daily routine with guests, even foreigners, as well as own some business, primarily managerial skills. In addition, start-up capital, accessible location and adequate resources related to the nature of the service being offered are necessary.

Mainly, research has shown that tourists mainly interested in this form of tourism are urban population, and according to Kuzman et al. (2017) the following forms of rural tourism are the primary ones: strengthening family relationships - staying isolated from everyday life with your family, contribution to health - staying in the nature and physical activity, rest and relaxation - peace, adventure - new adventures and experiences, changing daily life, acquiring knowledge about the local rural area and culture, especially about food, experiences from special events, celebrations, saving money and time compared to other forms of vacations, experiencing nostalgia - frequent users of agritourism services are people who come from the countryside but no longer have family connections and contact with them.

A person who wants to do agritourism must profile their offer and decide on one or several types of consumers whose needs their tourist product will be able to satisfy. Quality is one of the most important determinants of competitiveness in any form of tourism (Kuzman et al., 2017), due to two things first of all, due to the growth of consumerism and attention, both media and consumers have focused on quality of tourism offer and secondly, the increasing level of consumer sophistication of the tourism product makes the non-price elements of the tourism offer increasingly important.

Importance of rural areas and rural development potentials

Rural areas have a number of features that make them extremely valuable. In economic terms, these are areas where practically all food production

and other renewable natural resources that meet the needs of the entire population are located. Viewed from the ecological aspect, rural areas are the habitat for all the biodiversity of natural ecosystems. Finally, from social and cultural point of view, rural areas and their populations preserve diversity and ingenuity of the millennial tradition of human and nature coexistence. Rural spaces live slowly, remember long, maintain tradition, develop native symbols and create a sense of belonging to a place. This is increasingly making them a new refuge or place of temporary residence for many city dwellers (UNDP, 2013). Recognizing and appreciating the value and importance of rural areas on the one hand, as well as their specific development conditions and challenges on the other are the reasons why the theme of sustainable rural development has gained a high place among EU development priorities. There are three main reasons for the significant attention and resources that developed societies are directing to sustainable rural development. The first is the relative abundance of the rural population. More than 56% of the EU population lives and works in the rural parts of the EU, which make up 90% of its area. The second reason is the appreciation of the stated values of rural areas, that is, the damage and costs that result from the negative trends in them. These include reduced food supply security and local self-sufficiency due to the neglect of arable land, the loss of habitat diversity that characterizes traditional agricultural land, the loss of biodiversity through the abandonment and the disappearance of traditional varieties and breeds, as well as the disappearance of the intangible heritage of traditional rural culture.

Finally, in the contemporary economic context and trends, in addition to development challenges, rural areas also receive some comparative advantages and the potential based on them to create added value and new innovative jobs. Good examples are the production of distinctive, traditionally based, high quality agricultural products (e.g. organic products based on indigenous varieties and breeds), that is, the more recent trend of direct sales on farms, as well as the organization of branded production for the local market, which increasingly prefers fresh, locally produced food products with short "supply chains". Different types of tourist facilities based on the preserved natural and cultural heritage of rural areas as tourist attractions (ecotourism, agritourism with the provision of their own products on the farm, adventure tourism, educational tourism, etc.) also contribute to the diversification of the rural economy (Kuzman et al., 2018). In relation to the tourism services sector, activities for the maintenance and presentation of the cultural and natural heritage of rural areas are being developed. About 80% of employees in predominantly rural areas work in

non-agricultural sectors. As many as 35% of European farmers have diversified their incomes by developing another profitable business, especially the smaller ones who cannot secure their competitiveness by economies of scale and market power given by size.

Rural tourism

Rural tourism is expected to contribute to the prosperity of the rural area, increasing the number of employees and promoting the values of cultural and natural heritage. The organization of tourism activities in rural areas must encourage national and local authorities and ensure a balanced development of the area concerned. Otherwise, rural tourism can have major consequences if a large number of tourists visit a particular area, which would endanger the existing ecosystem or leave a negative impact on the culture of the area concerned. Therefore, it is recommended that in rural areas the number of tourists should be as high as the number of the domicile population (Jadrešić, 1993). The above points out that existing plans for organizing and managing local tourism development are respected. The plans adopted must be in the spirit of positive legislation for the planning and management of rural areas. The development of rural tourism is an important segment of tourism for the world and European tourist offer. Rural tourists occupy 3% of the total number of tourists globally and 25% within the European Union. It is also important to point out that the development of tourism in rural areas is growing 6% worldwide and the annual growth of total tourism is about 4% (Bartlet, 2006).

Important indicators of tourism development in rural areas are indicators that make the tourism supply higher and, indicators that lead to an increase in demand for certain tourist destinations. The indicators that make the tourist offer higher are complex, and those are: people (professional), rural area (clean); different approaches (multisectoral); involving the local population in the development plans (Koščak, 1995). The indicators that determine the growth of demand for certain tourist destinations are: creating conditions for good reception of urban tourists and getting them acquainted with the rural environment, creating conditions for meeting different people and desires for a rural tourist experience, the need for more leisure.

Mair et al., (2005) points out that the local rural population plays a large role in the development of tourism in rural areas. The idea and vision of rural development starts from the local population. The local population

must have an active role in the development process but also a controlling role, that is, tourism development in the rural area rests on the management process.

Providing conditions for agriculture and rural tourism development

Agricultural production and rural tourism are economic activities between which there are constant complementary links. First of all, there is the economic importance that connects these two economic activities by the fact that tourism absorbs products from the agricultural industry and thus the constant growth of agriculture occurs. Many researchers point out that agricultural products are mostly sold in the developed tourist area, with the particular benefit of not having to carry their agricultural products to the market. Furthermore, tourism especially absorbs organic products for which a higher price is achieved.

According to Simonović (2005) economic functions of agricultural production can be defined as: nutrition satisfaction function, the function of providing resources to industry, a function to create the conditions for industry development, function of employment of domicile population for non-agricultural business, the function of protecting and conserving natural resources, the function of promoting various other activities. The characteristics of agricultural production presented above are of economic importance, although they do not provide direct financial results but affect their realization.

Pajić (2001) points out that the development of rural tourism requires "good agricultural production and responsible rural tourism", which implies that rural tourism can have both positive and negative effects on agriculture, which is further reflected in the overall rural economy and the total rural area. Agriculture is multifunctional because in addition to agricultural work, it also covers non-agricultural activities organized in agricultural households and provides additional income. The concept of multifunctionality implies activities on: protection of natural resources, rural development; protection and preservation of cultural heritage, rural lifestyle, customs, etc. Therefore, the multifunctionality of agriculture is reflected in the fact that it can perform many activities within the agricultural household such as tourism, agricultural products trade, trade of souvenirs and other items produced in agricultural households, beekeeping, activities for the conservation of natural resources, etc.

What is usual for the host is unusual for the visitor

Various activities, views, aromas and tastes are not interesting to people in the countryside, but tourists are looking for experiences that are different from their daily lives. Engaging tourists in various activities with community members creates an experience through practical activities where tourists begin to appreciate the lifestyle of that community. Integrating the everyday life of the rural population helps tourists remain interested in experiencing, seeing and learning something. Tourist also wants to bring home something to remember their experience. It is important that tourist shops have authentic products that will remind the tourist of some local community's story.

Providing funding for agriculture and tourism

The provision of financial resources for the development of rural areas must come from timely sources of financing, in order to realize agricultural production and to organize adequate rural tourism in order to achieve a viable business. Funding must be planned for long-term repayment, it is also important that interest is low and preferably for a deferred repayment period. There is a casual link between agriculture and rural tourism financing. Rural tourism is mainly being developed as an additional activity in agricultural households, which is why the original funding initiative comes from agricultural production. Later, when tourism develops to a higher level, it enables the financing of agricultural production.

In order to realize the idea for the rural tourism offer development, it is necessary to close the construction of financing through one of the potential financing modalities implemented for rural areas under the guarantee of state authorities or with state support for rural areas. The state has a key role to play as a driver of rural development, especially in regulating communal infrastructure and organizing various services. In most tourism countries, the states stimulate individuals and organizations to develop tourism (Milenković, 2009).

State support plays a major role in underdeveloped as well as in developing countries to stimulate economic growth and ensure social security (Samuelson & Nordhaus, 2005). The financing of rural tourism through the state is mainly realized through grants and a favorable credit policy. There are other financial support modalities for the development of rural tourism and agricultural production. Since there is a twofold link between the

financing of rural tourism and agriculture, and feedback is emerging: in underdeveloped agriculture there is an inability to self-finance rural tourism, which means that agriculture cannot develop rural tourism; inadequate development and poor agricultural situation creates the need to develop rural tourism with the aim of providing additional resources to agricultural households, suggesting that, if rural tourism provides the necessary funding through some modality of financing, it can assist the development of agriculture.

Due to its production cycle and seasonal character, agricultural production is specific to financing because it requires that the funds be invested at once and be captured for a longer period, due to the slow turnover (Smolović & Živanović, 2019). Agricultural production is of great economic and social importance in Montenegro, however it has not sufficiently developed its potentials.

Table 1 presents an analysis of the current situation in the field of rural tourism and rural agriculture in Montenegro. The analysis linked the internal strengths and weaknesses of this sector with external opportunities and threats. It should be emphasized that Montenegro is in the initial phase of development of this type of tourism and that there have not yet been significant differences in products and regions, i.e. most of the internal strengths and weaknesses, and external opportunities and threats, are inherent in the overall system of rural tourism and rural agriculture in Montenegro.

Table 1: *SWOT analysis of rural tourism and rural agriculture of Montenegro*

Factors of internal origin	
STRENGTHS	**WEAKNESSES**
- landscapes, offerings and traditional values are authentic - great wealth of natural beauty - rural destinations are exotic and not sufficiently explored - there is a diversity of adventure tourism products and offerings - the locals are welcoming - traditional Montenegrin products - the country is a EU membership candidate and has the ability to use the funds - the land is of high quality, preserved and fertile	- population's unawareness of the importance of rural tourism - shadow economy presence - undeveloped road infrastructure - sanctions for inappropriate environmental behavior are mild - lack of tourism skills - weak link between rural economy, ie. agriculture, and tourism - local population is not informed about the incentive measures - no systematic incentives for beginners in rural tourism

- the climate is suitable for different types of agricultural production - good conditions for the development of organic production are present - there is a tradition of the population in engaging in agricultural production - changes in the institutional framework have been observed - changes in the production process that are positive, such as the introduction of standards, adoption of new technologies, etc., have been observed	- no adequately promoted tourist offers in the field of rural tourism - no good tourist offer promotions - small percentage of rural households meet the requirements of foreign visitors - no adequate system in place to inform and support the visitor - no cooperation between the private and public sectors - presence of major differences in the quality of service in rural tourism - tourism infrastructure is inadequate - the procedures relevant to rural tourism are not known - a high percentage of production does not price competitive - the volume of production per unit of holding is low
Factors of external origin	
OPPORTUNITIES	**THREATS**
- the Government of Montenegro is committed to developing rural areas and diversifying its tourism supply - increase in international demand for nature-oriented tourism - increase in international demand for new tourist destinations; unexploited - connection with rural tourism destinations abroad through agritourism and thematization in general - greater use of EU funds and cross-border cooperation - visitors have requested to offer authentic local products - visitors have requirements for spring water and organic food - saturation with traditional destinations - raising awareness of rural communities about the fact that the development of their communities is conditioned by the mobilization of local resources - developing agriculture through tourism and increased demand for food - State aid and EU assistance in rural development (IPARD II)	- continuous depopulation of villages - tendency towards the development of mass tourism - the process of building infrastructure in the northern region that is in need is long, and it is driven by high costs. - there are insufficiently developed capacities for the preparation and implementation of EU projects - there is an increase in environmental pollution. - there is a conflict between protection and development. - there are conflicts between sustainable rural tourism initiatives and projects and investment projects in other sectors of the economy - opening the market can tighten competition, further causing much of commercial production - the concentrated development of other industries in some parts of the country, without agricultural development, may lead to further depopulation and inability to exploit existing natural resources - presence of high import dependency - access to credit, as a financing option for farmers, is difficult

Conclusion

The survey identified existing problems with the option to improve the situation and at the same time exploit the potential with adequate engagement for rural tourism development.

Using the SWOT analysis we identified the strength- advantages and weaknesses-disadvantages of the existing destination for rural tourism development in addition to the existing agriculture, and we also identified opportunities-possibilities and threats-dangers related to rural tourism development and opportunities in the state and region. With the SWOT analysis we have analyzed the factors that may contribute to the valorization or impede the development of rural tourism and the corresponding suitability for rural tourism development. Strengths and weaknesses are oriented to internal situational factors, while opportunities and threats are external factors, which are exploited or overcome to develop attractive rural tourist destinations.

The development of rural tourism and agriculture in Montenegro is very complex because of its heterogeneity of existing conditions. Therefore, it is necessary in the future that the organization of tourism development in rural areas and agriculture should be planned according to sectors in the spirit of legal and strategic frameworks, based on action plans that foresee financing modalities as well as control of achieved goals

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PUBLIC-PRIVATE PARTNERSHIPS FOR DEVELOPMENT OF RURAL AREAS IN ROMANIA

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Abstract

Planning a community development is a natural approach aimed at increasing the quality of life and improving living conditions of citizens. However, the development of a community cannot be conceived in the absence of a vision on the directions to which the community wants and and is able to go. The National Development Plan (PND) is a concept specific to the European economic and social cohesion policy, meant to provide a coherent and stable conception regarding the development of the member states of the EU. This concept was practically transposed into development priorities, programs and projects, in accordance with the programming principle of structural funds. In this paper, we will present aspects regarding the PND and what this has meant from the point of view of accessing the European funds for the development of rural areas in Romania, and the potential of tourism for development of their economy.

Key Words: *public-private partnership, rural development, Romania*
JEL classification: *A19, R11, R12*

Introduction

Planning a national, regional and local development plan includes design of a strategy aimed at increasing the quality of life and improving living conditions. A sustainable and smooth development is the aim of any community, trying to achieve the highest degree of fulfilment on a threefold approach: economic, social and environmental.

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The development of a community comprises a future scenario on the directions that the community wants to reach. The suitable way to achieve this is to provide a long term plan framework to support all the economic, social and environmental needs of the community, respecting at the same time the regional strategies and policies. The objective is to enhance a sustainable growth by coordinating public and private partnership through investment for the most benefit to the well-being of the local community (Marin, 2017a). The approach involves planning the development starting from the local resources and the existing opportunities, taking into account the obstacles that are in the way of the valorization of these resources and ensuring its support by consulting all the stakeholders of the community (Istudor, 2017). A proper local development plan will result in the mobilization of local actors around economic and socio-cultural projects, the development of natural resources and local know-how and the increase of financial resources. However, despite these different aspects which can ensure local development, limits and risks must be taken into account. As risks, it may be possible that the difficulties of applying sectorial policies occur. The limits or constraints may be categorized as:

- physical (climate change risks, low availability of natural resources);
- social (religion, tradition, customs);
- financial and
- institutional (legal framework, neighborhood with protected areas).

Several other limits may take the form of the weakness of local management capacities, the insufficiency of local financial resources, and the insufficiency of initiatives. At the same time, the existing opportunities must be identified, such as:

- physical (available natural resources);
- social (change of social practices, change of behavior and mentalities);
- financial (regional, national or international financing opportunities, subsidy, development of resources) and
- institutional (access to information, training, new legislation, better coordination between different systems).

For this reason, a strategy for sustainable development must represent a coordinated set of processes of analysis, debate, capacity building, planning and investments that seek to integrate the economic, social and environmental objectives of the community. Participatory strategic planning represents the approach taken in the elaboration of the strategic plan through the cooperation and collaboration of community members

(Bercu, 2012). This paper will provide a detailed overview of several aspects regarding the national development plan and what this has meant from the point of view of accessing the European funds for the development of rural areas in Romania and their importance in their economy, with a short overview on tourism activity, including support intervention areas, such as improving transport infrastructure.

General strategic development framework

The National Development Plan (NDP) is a concept specific to the European economic and social cohesion policy, meant to provide a coherent and stable conception regarding the development of the Member States of the European Union, transposed into development priorities, programs, projects, in accordance with the programming principle of structural funds. In Romania, as a member country of the EU, the NDP has the major role to align the national development policy with the community development priorities by promoting the measures considered as stimuli of sustainable socio-economic development at European level. The NDP strategy focuses on both the Community strategic guidelines on cohesion, and on the priorities of the Lisbon Agenda and the Gothenburg objectives, namely increasing competitiveness, full employment and sustainable environmental protection. The objective of the NDP is "to reduce as quickly as possible the disparities of socio-economic development between Romania and the Member States of the European Union". The priorities of regional development are complementing the priorities of the National Development Plan, both through the intervention areas and through the strictly territorial-regional approach, the approach that aims to eliminate the disparities between the regions of the country by creating the conditions to stimulate the accelerated growth of the regions left behind. The general objective at the region level is to increase the regional economy through polycentric development and functional specialization, to reduce intra and interregional disparities, at economic, social and environmental level and to increase the regional standard of living. It is interesting to follow the further evolution of the regional strategic priorities for the next programming period as well as the way in which the community will be able to benefit from setting advantageous priorities, in the sense that the priority areas are as close as possible to the programmed advantage (Marin, 2017b). Some structures mentioned in the strategy, such as the Territorial Planning Units, were not functionalized during the previous programming period and it will be useful to have a projection of some units that could

realistically respond to the existing needs and links between local communities.

Local development plans

Generally, a local development plan aims at sustainable development in which the exploitation of resources and the orientation of investments are adequate and reinforce the current and future potential to meet basic needs. It is a framework that traces all of the coherent and concerted development programs and projects to be executed in line with national guidelines. It specifies the goal, objectives, strategies and results to be achieved in a given time as well as the necessary means. The local development plan is a tool which, depending on the potential and constraints of the environment, the choices made by the municipal council, civil society organizations at local level, and development partners, establishes a multiannual program of actions adapted to local realities. The municipal development plan aims at sustainable development. From the above, it appears that the local development plan is a highly strategic tool for the management of the local economy and good governance (Rodino et al., 2019b). This is why its development must favor the participatory approach which takes into account the relevance of needs and the consistency of actions. This participatory approach must be supported by the local authorities who, together with the non-governmental structures at the local level, must make choices, take decisions and make necessary arbitrations. In all cases, planning is based on a participatory approach where communities are involved in the various stages of the plan development process through consultations and information in a dynamic communication process. In Romania, the concept of local development strategy has found, at least so far, a reduced practical applicability for those involved in community development processes. Developing local and micro-regional development strategies is one of the most important steps supporting local and micro-regional development processes. In essence, this type of strategy clarifies in the medium and long term what are directions and areas to which the community development effort is oriented. Local development strategies are characterized by at least seven features that recommend them to local managers responsible for this area.

Sustainable development has become an important component of local and regional development strategies, and local development programs proposed to international funders are also evaluated according to this feature.

The main reasons for defining a development plan of communities might be stated as follows:

- making an inventory of the current situation and identify the opportunities;
- defining transition pathways to reach the desired development level;
- guiding the use of resources and investments;
- mobilizing citizens around a shared vision of local development, assuring a transparent management of the local community;
- setting in motion structuring development projects that respond to challenges of the local area;
- defining clear actions to be taken in order to ensure a sustainable development of the community;
- fostering the economic and social development of the community;
- and last, but not least, putting a citizen at the heart of decision making activity for the development of his community; this participatory involvement at all stages is a guarantee of success.

The strategic plan must illustrate the general radiography of the locality, approach the whole problem starting from causes and applying the sets of measures to reach the proposed effects. The measures of socio-economic development and their implementation involve the Strategic Plan for Local Development, which reflects the needs, options and decisions of the citizens, their availability of involvement in the problems of the community which they set in strategic directions of development, identifying their sources of financing and co-financing. Participatory strategic planning represents the approach taken in the elaboration of the strategic plan through the cooperation and cooperation of community members. The following actors from the local level are involved in the process of developing and implementing local development strategies: local public administration, local community, private companies, and civil society representatives. Successful implementation of community development projects involves the partnership between all the above mentioned actors. However, the local public administration has a special role, which participates both in the development phase and in the implementation of the local development initiatives. In order to achieve the local development plan the most important is applying a participatory approach represented by a process based on public partnership and consultation. Another principle that underpins the planning process must be transparency, the working papers being constantly put in public debate.

Phases for execution of local development strategy (SDL)

The elaboration of a local development strategy must comprise several stages. First of all, the primary document is the draft of the SDL resulted after validation of the results of the initial diagnosis (Table 1). This is the preliminary document which proposes sector orientations, objectives, expected results, strategies, duration and periods of execution. This stage will be followed by the validation of the document by all involved stakeholders.

Table 1: *Diagnosis domains*

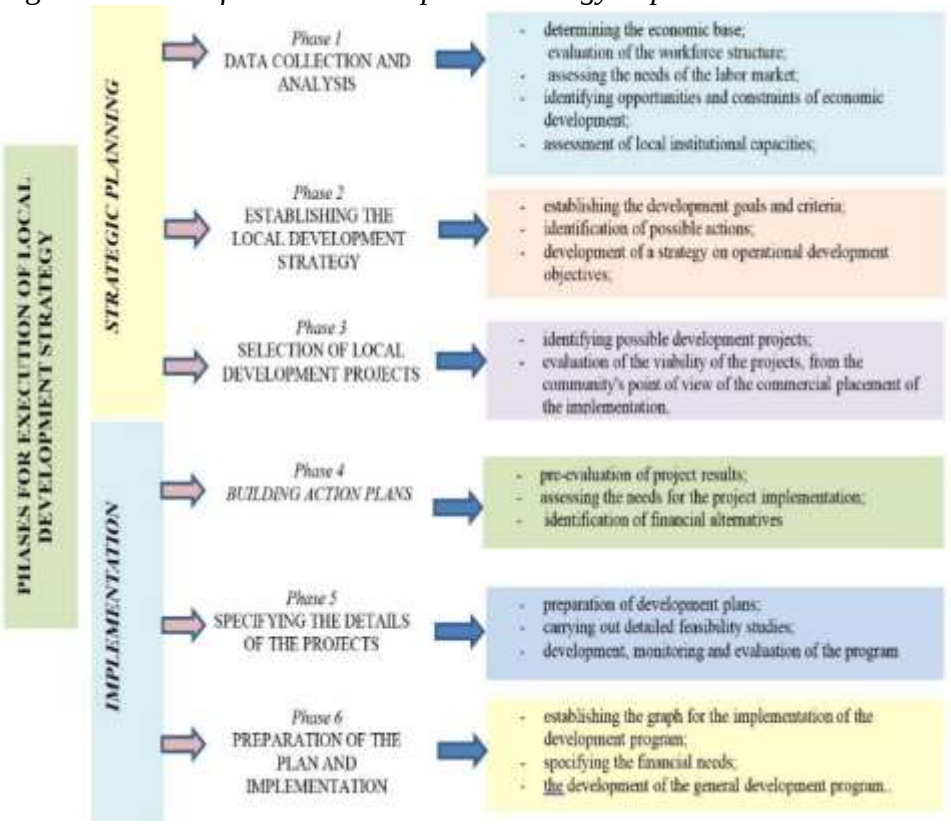
Phisical - geographic	**Population**	**Living conditions**	**Economy**	**Communal infrastructure**	**Social**	**Environment**
Criteria:						
Relief Location Natural risk factors Protected areas	Size Density Evolution Increasing size parameters	Water and gas supply Households age Construction materials	Industrial, touristic, agricultural potential Structure of property Workforce employment	Gas, energy and water supply Communication networks Access to roads	Healthcare Education Communications Infant mortality	Air Water Soil Vegetation
Indicators:						
Inventory of relief Access roads Distance to urban centers Natural risk factors Protected areas	No. inhabitants/sqkm Evolution for last 50 years Mortality rate Natality rate Outgoing vs incoming inhabitants from locality Aging index Renewal workforce index	% households with water and gas % households built before 1970 % households built after 1990 % households built from sustainable materials	Agricultural area/inhabitant Land use No. animals/ha Average exploitation size No. households No. accommodation places Agricultural production processing Active population to 1000 inhab.	Drinking water: mc/inhabitant/year Electricity Gas supply Communication networks Access to railway and roads	No. doctors to 1000 inhabitants No. students/teacher No. of TV subscriptions Deaths to 1000 births	Air quality Water quality Soil quality % deforested areas or forested areas

Source: *Own researches*

A more detailed explanation of the six stages in the elaboration of a SDL is given below in Figure 1. Phases 1, 2 and 3 mainly belong to the strategic

planning part and it is the task of those who elaborate the strategic development plan. Instead, phases 4, 5 and 6 are mainly about implementation.

Figure 1: *Phases for local development strategy implementation*



Source: *Own researches*

Local action groups (LAGs) - forms of public-private partnership established for the implementation of SDL

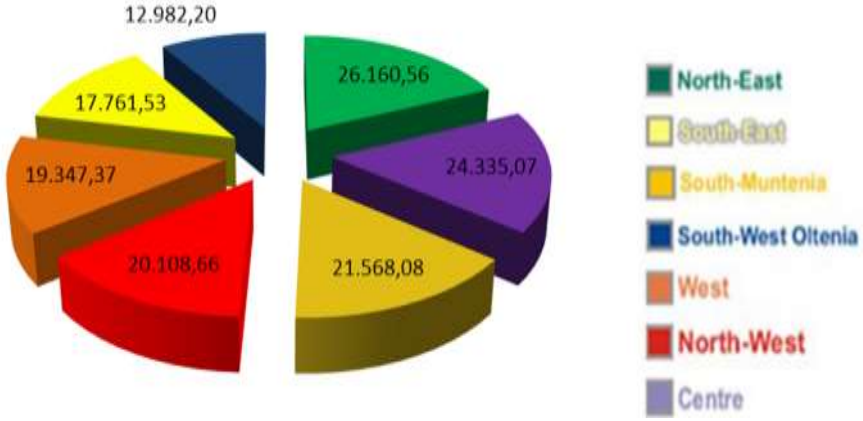
The Local Action Group (LAG) is a form of partnership established in a rural territory that brings together representatives of the public, private and civil society sectors in the respective territory, created with the purpose of implementing the LEADER methods of rural development. LEADER is an important tool for Romania in enhancing the economic and social development of rural areas, reducing disparities between urban-rural and promoting social inclusion. The current experience reflects the capacity for development at a local level that does not fully respond to local needs,

especially in terms of collaboration between public and private partners, and the strategic approach must be encouraged and developed by placing it under the responsibility of the community (GHID 19.3). Within the SDL, it is desired to develop a coherent set of measures adapted to the specific priorities of the territory and to capitalize on the authentic local potential of that specific territory. The LAGs represent the concrete solution for enhancing the potential that local communities can harness thus being able to access the EU model of development of the European village, an approach that encourages the return and / or the establishment of young people in the LEADER territory and the development of threefold nature - economic, social and cultural. To support this approach, the focus is on:

- stimulating partnerships,
- transferring knowledge and
- implementing innovative initiatives.

The size of the territory and the total population of the territory covered by a LAG are variable, so that such a multisectoral cross-section of a local community can be between 5,000 and 150,000 inhabitants.

Figure 2: *Total area of LAGs by development regions*



Source: *Data processed - List of Local Action Groups selected by MADR - GAL - 2014 (updated)*

In the first programming period, between 2011 and 2013, in Romania, no less than 163 LAGs were constituted. The established LAGs are covering an area of over 142 thousand km2 (Figure 2) with the population of over 6.77 million inhabitants out of the total of about 19 million inhabitants in Romania. Analyzing the situation of the LAGs according to the development region, the South-Muntenia Region is noted, with 34 LAGs,

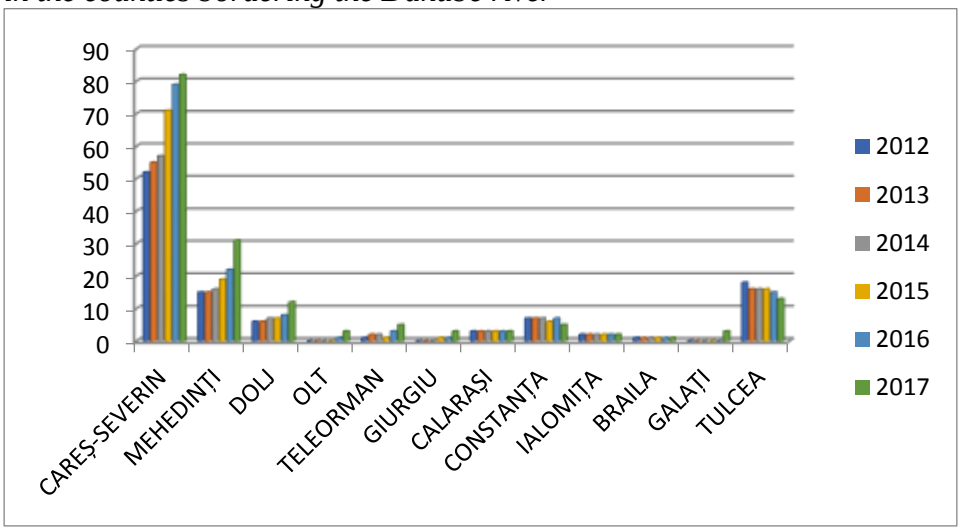
covering 21.6 thousand km2 and over 1.3 million inhabitants. In the second place is the North-East Region with 30 LAGs covering 26.16 thousand km2 and over 1.53 million inhabitants, and in the third place is the North-West Region with 25 LAGs covering 20.10 thousand km2 and over 960 thousand inhabitants.

For the programming period 2014-2020, a specific LEADER measure implemented through LAGs is Measure 19 - Support for local development seeks to support cooperation initiatives within regions and across different countries by supporting local initiative and local drive for diversification. The component B of this submeasure can include activities related to the development of rural tourism activities and enhance the cultural and natural heritage of villages and rural landscapes. Examples of successful projects can take the form of:

- Renovation of houses destined for agritourism
- Construction of an underground hotel
- Information panels at tourist sites
- Construction of accommodation spaces for agritourism
- The tourist cultural itinerary (e.g. "The wine path", or "Danube Delta Ancient Citadel").

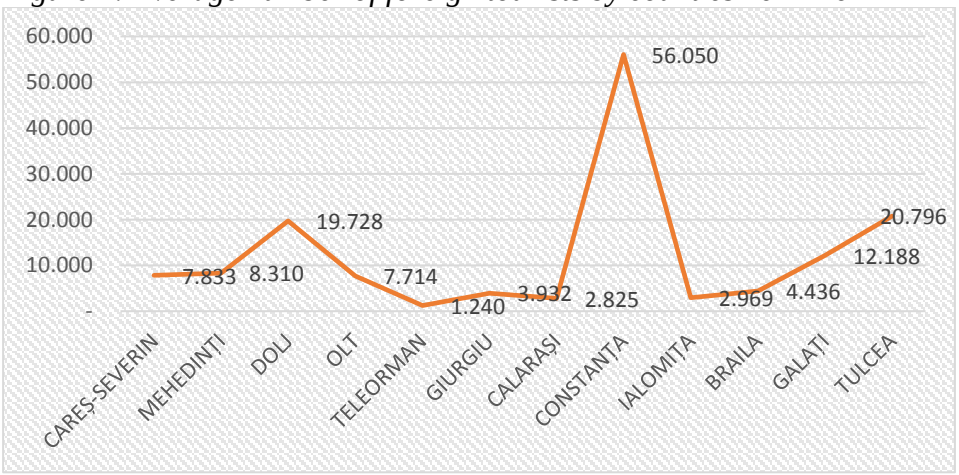
For the current programing period one of the selected projects for financing is building on touristic activities for improving the development of three Counties (Cluj, Bistrita Nasaud and Tulcea) by "an integrated approach to the development of sustainable tourism in rural areas" (madr.ro-list of selected projects for component B). Rural tourism in Romania is generally addressing the internal travelers, but if proper investment will be done regarding access roads and infrastructure, the rural Romania may become more attractive to foreign tourists, as well. For example, Marin (2019) studied the potential of agro-tourism along the Danube course on Romanian shores. Although the number of agritouristic boarding houses is the highest in Caras Severin county, the number of foreign visitors in this county is below the one of other regions with lower number of boarding houses (Figure 3 and Figure 4). Tourism industry, especially the rural tourism faces many challenges in Romania. One of the most important challenges includes the development of the infrastructure and the need to improve promotion. Many of the problems come from strategic planning, including creating the legal framework for running tourist activities, frequent changes in tax policies, inadequate stakeholder collaboration, and lack of professional managers for effective destination management (OECD, 2016).

Figure 3: *Number of agritourism boarding houses in the period 2012-2017, in the counties bordering the Danube river*



Source: *NIS data processing*

Figure 4: Average number of foreign tourists by counties 2012-2017



Source: *NIS data processing*

The national program for Local development (NLPD) that will be presented in the following section, will deal with important domains aimed at improving the rural economy status in Romania. However, the main policy makers are responsible for structuring general legislation and regulations related to tourism, but those need to be implemented locally, by various stakeholders and actors from local tourism-related organizations by bringing together the public and private sectors.

National Program for Local Development (NPLD)

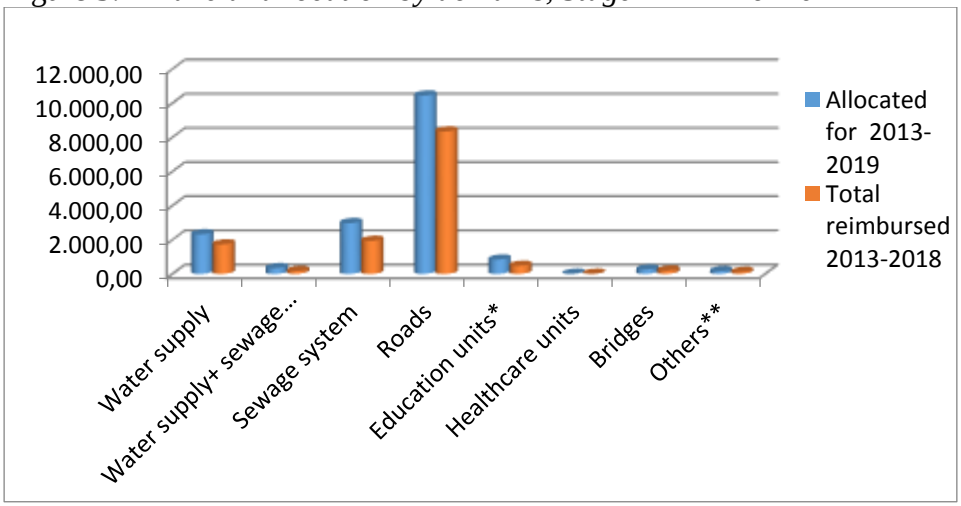
NPLD is a multiannual financing program, coordinated by the Ministry of Regional Development and Public Administration, whose general objective is to support the administrative territorial units for equipping their administrative territory with all the technical-municipal, educational, health and environmental infrastructure, social, cultural and touristic, administrative and to provide an access to communication channels in order to ensure an attractive investment climate for the localities of Romania. Within the NPLD, the administrative territorial units represented by the local public administration authorities, respectively communes, municipalities and cities, including their component villages, counties, as well as the administrative territorial units members of the inter-community development associations, may benefit from financing, according to the law, for investments made through the associations of inter-community development. In 2017, there were over 13,000 applications whose total value exceeded 67 billion lei, but the funds approved for financing of NPLD - Stage II in the amount of 30 billion lei did not allow to cover the entire financing need. The contracting procedure within NPLD - Stage II is in progress, up to 2019 being contracted 94% of the total of the 7,171 objectives included in NPLD II. The situation of the investment objectives financed by NPLD, by each stage is as follows:

NPLD 2013-2019 - Stage I

In stage I of the NPLD, the smallest amount allocated for the sanitary units was 11.17 million lei, and the highest of 10,442.14 million lei was allocated for roads. The average calculated for the allocations of this stage was 1,677.16 million lei per objective. Regarding the reimbursements by objectives, in the analyzed period, the smallest amount reimbursed was of 11.17 million lei for the sanitary units, and the highest of 8,338.59 million lei, for roads (Figure 5). The average calculated for the reimbursements of this stage was 1,237.72 million lei per objective. The domain with the smallest reimbursement of the total allocated was water supply and sewerage, with a rate of only 49%. The other areas had a reimbursement rate of approximately 75% of the allocated amounts, except for the sanitary units for which the requested amount was extremely small and was fully reimbursed. From the total of 6,320 investment objectives, in 2013-2019, 3,410 were completed (i.e. 53.95%). The lowest share of the objectives set was recorded by water supplies (33.33%), the average being 55.73%. The smallest number of objectives was for sanitary units (15 objectives). The highest was in the field of road construction and modernization (2,408

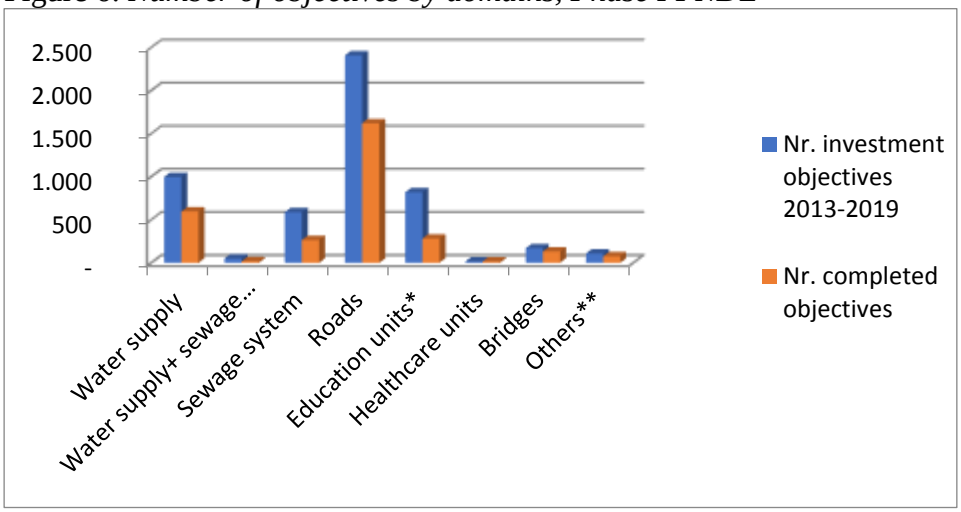
objectives). As it can be seen from Figure 5 and Figure 6, there is a good direction of the NDLP, as important amount of the financial allocation went toward improving connectivity and infrastructure of rural areas.

Figure 5: *Financial allocation by domains, Stage I in million lei*



* primary schools, secondary schools and high schools;
** public institutions, cultural objectives, tourist infrastructure
Source: *https://www.mdrap.ro/lucrari-publice/pndl, NPLD – Stage I*

Figure 6: *Number of objectives by domains, Phase I PNDL*



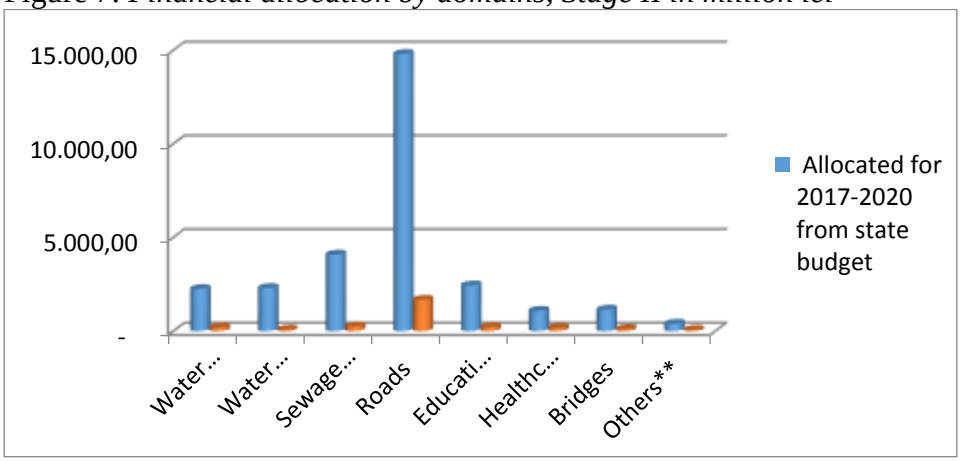
* primary schools, secondary schools and high schools;
** public institutions, cultural objectives, tourist infrastructure
Source: *https://www.mdrap.ro/lucrari-publice/pndl NPLD – Stage I*

The road infrastructure, bridges water supply, sewage system and healthcare system represent an integral element of the tourism experience (Rodino et al. 2019a). The synergies between these components must be well established and developed for being able to ensure best experience for travelers. The ease of mobility and the high-level comfort should be one of the main targets for local development plans aimed at improving sustainable tourism in rural areas. Tourism is an important economic sector in the development and integration of rural areas, in the regional and national economy (Marin, 2019). It is to be taken into account that tourism cannot be developed solely based on private entrepreneurs' actions. Good governance at all levels of government and co-operation with the private sector are needed to improve decision-making and create synergies between all components (OECD, 2016). A public-private partnership must be established for improving the exploitation of the tourism potential of the rural regions in Romania. Generally, the touristic offer comes with a package of public and private products and services. More precise, it is not only comprised of hospitality services included in the tour operator's activity (accommodation, meals, transport), but is also determined by the existing infrastructure, health systems and public security services (Rodino, 2018).

NPLD 2017-2020 - Stage II

In the second stage 2017-2020, 32,157.34 million lei were allocated

Figure 7: *Financial allocation by domains, Stage II in million lei*



* primary schools, secondary and high schools ;** public institutions, cultural objectives, tourist infrastructure

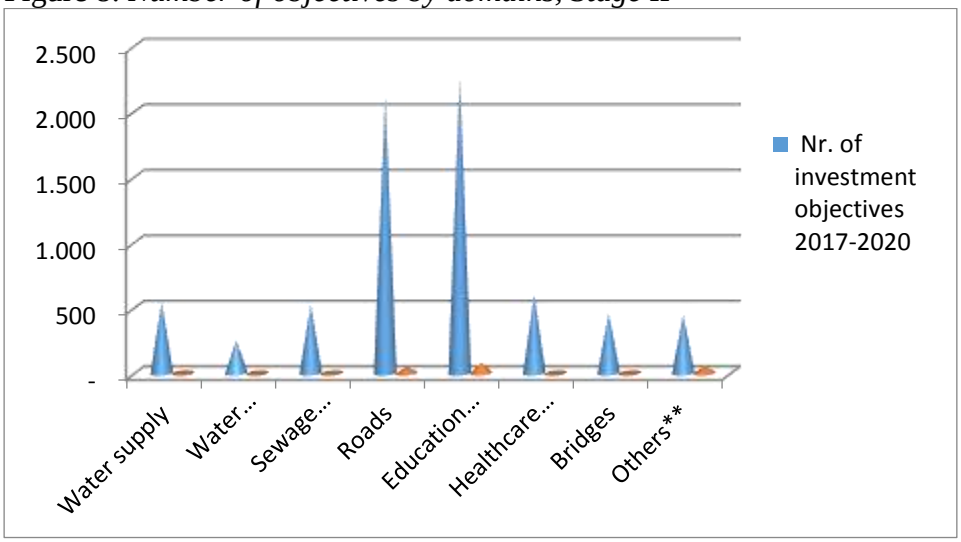
Source: *https://www.mdrap.ro/lucrari-publice/pndl, NPLD – Stage II*

Out of these, the highest amount was foreseen for roads, namely 14,806.73 mil lei. The lowest for public institutions, cultural objectives, tourist infrastructure, respectively 398.42 million lei (Figure 7). Out of the amounts allocated to each domain, on average, 281.41 million lei were reimbursed.

The largest amount from stage II, reimbursed so far had as objective the construction and modernization of roads (1,674.59 million lei), and the smallest amount was aimed for the public institutions, cultural objectives and tourist infrastructure (70.63 thousand lei). The weight of reimbursements by domains varied between 3.79% of the amount allocated for the complex projects of water supply and sewage and 17.93% of the amount allocated for public institutions, cultural objectives and tourism infrastructure. It results an average of reimbursed amounts of only 9.63% of the total allocated amounts. Of the 5,065 objectives proposed for the period 2017-2020, only 269 have been completed up to 2019, which represents 3.10%.

At the other extreme there are the objectives regarding public institutions, cultural objectives and tourism infrastructure, where 52 (11.69%) of the 445 proposed were completed (Figure 8).

Figure 8: *Number of objectives by domains, Stage II*

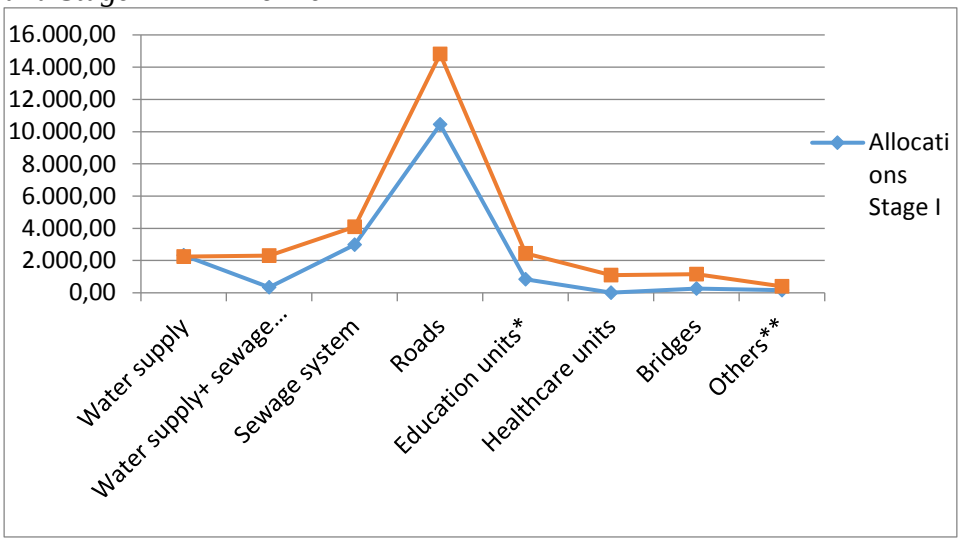


* primary schools, secondary schools and high schools;
** public institutions, cultural objectives, tourist infrastructure

Source: *https://www.mdrap.ro/lucrari-publice/pndl, NPLD – Stage II*

Comparing the financial allocations on the two stages (Figure 9), it can be seen that the total budget increased by 13,708.63 million lei (74.31%) in Stage II compared to the first stage.

Figure 9: *Comparative analysis regarding financial allocation by Stage I and Stage II in million lei*



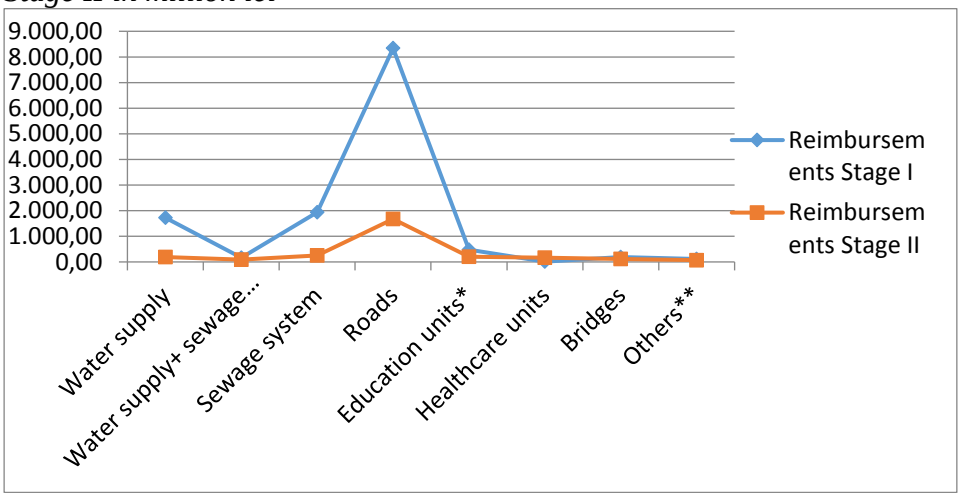
* primary schools, secondary schools and high schools;
** public institutions, cultural objectives, tourist infrastructure
Source: *https://www.mdrap.ro/lucrari-publice/pndl, NPLD*

The largest increases were foreseen for the modernization of roads, the allocations for this objective being 42% higher in Stage II (4,364.59 million lei) compared to Stage I.

Unfortunately, for the domain of water supply, the allocated amounts stipulated in Stage II were lower by 61 million lei.

Reimbursements in Stage II are presented in Figure 10, the amounts varying between 71 million lei for the objectives regarding public institutions, cultural objectives and tourist infrastructure and 6,664 million lei for the modernization of roads.

Figure 10: *Comparative analysis regarding reimbursements by Stage I and Stage II in million lei*



* primary schools, secondary schools and high schools
** public institutions, cultural objectives, tourist infrastructure
Source: https://www.mdrap.ro/lucrari-publice/pnd, NPLD

Conclusions

The development strategies make it possible to actively coordinate the development processes that take place in the territory, taking into account the local characteristics, the changes in the external environment and make possible proactive approach, realized in an innovative way.

Tourism is an important economic sector in the development and integration of rural areas, in the regional and national economy. It is to be taken into account that tourism cannot be developed solely based on private entrepreneurs' actions.

In Romania, the concept of local development strategy has found, at least so far, a reduced practical applicability for those involved in community development processes. The concept of "sustainable development" has become increasingly important in recent years with the final evaluations carried out for many international programs aimed at supporting local development.

In conclusion, sustainable development has become an important component of local and regional development strategies, and the local development programs proposed to international funders are also evaluated

according to this characteristic and must be closely linked to the Regional Development Process as well as to the priorities and the directions set out in the National Development Plan.

Sustainable development is an important component of local and regional development strategies, and local development programs proposed to international funders are also evaluated according to this characteristic and must be closely linked to the Regional Development Process as well as to the priorities and directions set in National Development Plan.

Acknowledgements

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ENVIRONMENTAL IMPACTS OF TOURIST TRAFFIC IN MOUNTAIN RESORTS IN THE REPUBLIC OF SERBIA

Milan Počuča[1]; Jelena Matijašević Obradović[2]

Abstract

Besides possitive effects, tourist traffic creates a number of negative impacts on the environment, especially in the domain of natural resources and biodiversity, and it is therefore interesting to see the impact the tourism has on the environment in mountain resorts as one of five categories of tourist places in Serbia. It is precisely the non-compliance with the protection measures in protected natural areas, and, among other things, the insufficient coordination of tourism development and environmental protection, are recognizable weaknesses of tourism in Serbia in the SWOT analysis presented in the Tourism Development Strategy for the period from 2016 to 2025. In the research part of the paper, the total tourist traffic in Serbia, in the period from 2016 to 2018, the intensity of tourism in mountain regions and its impact on the environment, was analyzed, taking into account the sensitivity and large exposure of ecologically significant areas. The paper uses normative, analytical and deductive methods as well as basic quantitative data analysis.

Key Words: *tourism, environment, mountain towns, protected natural areas*
JEL classification: *F64, O13, Q56, Z32*

Introduction

General technical and technological progress, availability of vacations for all social classes, and accordingly the statutory maximum workload of an individual in modern society (which directly impacts free time during the working week), and gradual, but continuous development of awareness of

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the need for more expedient and better organization of life during free time and holidays, over time, has led to tourism becoming an indispensable and extremely important need of a modern man. Therefore, it can be said that tourism is "one of the most complex economic and sociological phenomena of the modern world" (Pocuca & Matijasevic-Obradovic, 2019, p. 554), and also "a very important segment of the economy in most countries of the world" (Milosevic, 2016, p. 12).

According to Jovicic (2000), tourism is "an activity that valorizes those elements of space which are of marginal interest to a range of other activities" (p. 17). In this context, it should be emphasized that "a tourist destination is certainly of great importance for the development of tourism" (Petrovic et al., 2016, p. 62), which is, both in theory and in practice, recognized as geographical region, but also as major attractions whose primary goal is to provide extensive visitor experiences (Bornhorst et al., 2010). A number of factors influence the popularity and intensification of a visit to a particular destination. Certainly, the determining factor is the attitude and opinion of tourists about the quality of the tourist destination offer. In this regard, tourist traffic is a significant indicator of visiting a tourist destination. According to Stetic (2003), "locating and qualifying tourist traffic by tourist destinations and countries of origin of tourists staying there, is extremely important for one country" (p. 5).

The development of mountain tourism, according to Todorovic and Maksimovic Rubezanovic (2014), "began in the 1950s of the last century and reached its greatest momentum in the period from 1955 to 1965 in Europe and from 1965 to 1975 in the United States", when actually," all major mountain tourist centers were established" (p. 184). Mountain tourism certainly represents an environmentally friendly type of tourism, bearing in mind that the majority of mountain transportation means in winter is actually cable cars, regardless of whether we view the mountain tourist place as a destination whose priority is recreation, or as a destination exclusively profiled as a tourist center.

It is indisputable that the human right to a healthy environment is one of the basic human rights. It is also indisputable that during his activities man changes the natural environment, often by damaging it. Considering that tourism is "in its way, a user of space, without being an irreversible consumer of natural elements, development of a certain area can be achieved with controlled tourism development" (Jovicic, 2000, p. 17). Bearing in mind the main conclusion that "only the development of tourism

has shown what kind of wealth and in what quantity is hidden in the mountains" (Gligorijevic & Novovic, 2014, p. 515), it is certainly important to consider the environmental impact of tourism traffic in mountain regions in the Republic of Serbia. At the same time, the review will be made of ecologically important areas in Serbia.

In the research part of the paper, the total tourist traffic in Serbia, the intensity of tourism in mountain resorts, and its impact on the environment are analyzed, taking into account the sensitivity and high exposure of ecologically significant areas. The paper uses normative, analytical and deductive methods as well as basic quantitative data analysis. The research in this paper is based on the official data of the Statistical Office of the Republic of Serbia and the Serbian Environmental Protection Agency.

Literature review

Tourism is primarily planned and motivated behavior of users of tourism services, where the most important role in making travel decisions also includes the expectations of the persons traveling. Therefore, it is stated that tourists' needs, attitudes and motives are crucial (Vall & Mathison, 2006). Jovicic (1999) has defined tourism as "a set of relationships and occurrences related to the movement and consumption outside the place of permanent residence, with the aim of meeting recreational and cultural needs" (p. 17). Tourism is an industry that has a significant share in the world economy. Aiming at the concrete valorisation of a global tourism performance, Bote Gómez (1993) said that tourism revenues played a key role in financing industrialization in many countries. In a word, tourism has gradually become recognized not only as a result of the economic development but also as a factor of economic development (Stanic & Vujic, 2016). On the other hand, the preservation and protection of the environment is an imperative in modern society. The environment at its core is one of the pillars of sustainable development, and in this context, it can be emphasized that sustainable development involves finding a balance between social development, economic progress and environmental protection (Matijasevic Obradovic, 2017).

According to the established criteria, tourist sites in the Republic of Serbia are classified into five categories: administrative centers, spas, mountain resorts, other tourist sites and other places (Veljkovic & Lekic, 2019). According to Todorovic and Maksimovic Rubezanovic (2014), "mountain centers, since their emergence to the present day, have been developing in

two directions, either as sports and recreational areas to meet the needs for physical activity, or as mountain-tourist centers with accommodation capacities, which complete the tourist product. At the beginning of their development, the centers generated most of their tourist income in the winter. Today, the situation is that traditional mountain-tourist centers make 60 percent, or even higher percentage of their tourist inflow in the summer, thus becoming practically year-round destinations (p. 184)". A special attraction in a relation between the environment and tourist destinations, especially mountain resorts, is that "protected natural areas are assets of great importance for tourism development. Bearing in mind that the negative impacts of tourism on the environment are reflected, above all, on natural resources and biodiversity, sustainable management of protected areas is an essential condition for increasing tourism traffic" (Veljkovic & Lekic, 2019, p. 27).

Primarilly due to its preserved nature and other aspects of a healthy environment, Serbia has significant advantages and numerous opportunities for the continued development of tourism, especially in the domain of rural tourism. Namely, as Cvijanovic et al. (2017) state, significant potentials for tourism development in Serbia lie precisely in rural areas. The fact that tourism has a great influence on the development of rural areas is pointed out by Ciric et al. (2014). Thus, the positive effects of tourism are numerous, not only locally but globally. Specifically, tourism has encompassed four essential aspects of sustainable development with its primary concept: ecological, social, cultural and economic (Pocuca et al., 2017). In the domain of ecological aspect, global trends such as the demand for ecological resources, greater social and individual environmental awareness, better and more organized international cooperation in the field of environmental protection can certainly be singled out.

In addition to the positive consequences, it is obvious that the negative effects of tourism on the environment are very pronounced, manifesting primarily in the form of pollution of the elements of the environment (air, water, land), reduction of natural agricultural areas, destruction of flora and fauna, degradation of cultural and historical monuments, blocking of space, spatial redistribution of the population, as well as the banalization of space (Lazarevic, 2017). That being said, the relationship between tourism and the environment can be viewed from two aspects. First, this relationship can be viewed in terms of the impact of tourism on the conservation and promotion of the environment. Second, the relationship between tourism

and the environment can be viewed from the aspect of environmental impact on tourism development. In theory, there are numerous points of view which study the first mentioned relation.

Namely, under the influence of tourism, there is a transformation of space which can be positive and negative. Positive effects of tourism in space are certainly: refurbishment and restoration of existing historical sites, buildings and monuments, transformation of existing old buildings and places into tourist facilities, protection of natural resources, etc. (Boskovic, 2008). As Stefanovic and Azemovic (2012) state, "tourism, as a phenomenon of global proportions, influences the transformation of geographical space. It transforms the original space by equipping, organizing, remodeling, and restructuring it. Under its influence, the receptive space changes more and more intensively, gaining a gradually specific tourist physiognomy" (p. 40). The negative effects of the impact of tourism on the environment include: pollution of space due to construction of tourist facilities and equipment, pollution of air, water, soil, sound pollution, reduction of natural and agricultural areas, destruction of flora and fauna, etc. (Boskovic, 2008).

On the other hand, the environment has a significant impact on tourism development. Namely, the development of tourism is significantly more conditioned by the quality of the environment, its natural and cultural values and characteristics, than in other business activities. The degree of conservation and attractiveness of the environment is directly reflected in the opportunities for tourism development in a given area, especially when it comes to recreational tourism (Stefanovic & Azemovic, 2012). Also, bearing in mind that "tourism represents a set of relationships and phenomena arising from the travel of visitors to a place and their stay, if that stay does not establish a permanent residence, and if no economic activity is associated with such a stay" (Radovic & Krnjajic, 2009, p. 59), the characteristics of space, the range of natural amenities, the state of biodiversity, flora, fauna, climate, including cultural and historical heritage, have an extremely large impact on the development of tourism in a particular area.

The importance of ecological component for the sustainable development of tourism is also indicated by the fact that non-compliance with the measures in the protected areas of nature, the neglect of state-protected buildings and monuments, numerous examples of neglect and pollution of the environment and the degradation of space and insufficient coordination

of tourism development and the environmental protection, is one of the recognized weaknesses of tourism in Serbia in the SWOT analysis presented in the Tourism Development Strategy for the period 2016-2025 (Tourism Development Strategy, 2016). Particular attention in the Tourism Development Strategy is directed towards cultural heritage and natural resources. Namely, "the primary tourist attractions are most often landscape areas - lakes, shores, rivers, peaks and slopes of mountains, forests, etc. They are most commonly characterized by rich ecosystems. The direct impact of tourism development is reflected in the degradation of such ecosystems. The physical impact of tourism development on the degradation of natural and cultural heritage is reflected in inadequate infrastructure development and excessive construction, forest destruction and intensive and unsustainable land use, but also in the destruction of vegetation, land and monuments by increased physical traffic (unsustainable number) of tourists" (Tourism Development Strategy, 2016, p. 74).

Taking all the above into account, it is necessary to specifically analyze the impact of tourist traffic on the environment in tourist places in general, and especially in mountain towns, which will be done in the research part through the analysis of the value of tourist arrivals and overnight stays in the Republic of Serbia, and the analysis of tourist traffic according to the types of tourist places, as well as the intensity of tourism in mountain towns.

Methodology and data sources

For the purpose of the specific analysis of the impact of tourist traffic on the environment in tourist places in general, and especially in mountain towns as a special category in the nomenclature of tourist destinations, the research part of the paper will analyze the total values, as well as the values by regions of tourist arrivals and overnight stays in the Republic of Serbia, for the three-year period, from 2015 to 2017, bearing in mind that the official statistics data for values in 2018 have not yet been officially published. The balance of tourist traffic will then be analyzed according to the types of tourist sites, and special attention will be paid to the intensity of tourism in mountain towns. Tourist traffic by types of tourist sites, and tourism intensity in mountain towns will be analyzed for the three-year period, from 2016 to 2018. Special attention will be paid to the need for monitoring of protected natural areas, bearing in mind that sustainable management of these areas is an essential condition for the continued

development of tourist traffic. The analytical method in a theoretical content analysis, deductive method in drawing conclusions, and a basic quantitative data analysis are applied in the research part of the paper. The research in this paper is based on the official data of the Statistical Office of the Republic of Serbia and the Serbian Environmental Protection Agency.

Research results and discussion

According to the definitions given in the Statistical Yearbook of the Republic of Serbia (2018), a tourist is any visitor who spends at least one night in a tourist accommodation. The Environmental Protection Agency's Environmental Status Report defines the terms of tourists' arrivals and overnight stays. Thus, "arrivals imply the number of tourists staying at the accommodation facility, and overnight stays include the number of overnight stays made by tourists at the accommodation facility during the calendar year" (Lekic & Perunovic Culic, 2019, p. 157).

Article 3 of the Law on Tourism ("Official Gazette of the RS", No. 17/2019) also defines certain terms. According to these provisions, a tourist destination is destination of a tourist travel which, by being equipped, enables the reception and stay of passengers (item 31), while the tourist product is a set of interdependent elements organized in practice as a separate value chain consisting of material products and services, natural values and cultural goods, tourist attractions, tourist supra-structure and tourist infrastructure (point 39). The following tables will present and analyze total values, as well as values by regions of tourist arrivals and overnight stays in the Republic of Serbia, for the three-year period, from 2015 to 2017.

According to official statistics, "the total number of tourists in 2017 was 3 086 thousand. Out of that number, local tourists were 1 589 thousand, which is 7.9% more than in 2016, while the number of foreign tourists who visited our country amounted to 1 497 thousand which was 16.8% higher than in 2016." (Statistical Yearbook of the Republic of Serbia, 2018, p. 341). Also, "the number of overnight stays of all tourists who used accommodation facilities amounted to 8325 thousand and was 10.5% higher in comparison with the previous year. Of the total number of tourist nights (8 325 thousand), 26.8% (2 228 thousand) were spent in spa resorts and 25.0% (2 079 thousand) nights in mountain resorts" (Statistical Yearbook of the Republic of Serbia, 2018, p 341).

Table 1: *Total values and values by regions of tourist arrivals for the period from 2015 to 2017 in the Republic of Serbia*

Year	Total values	Tourist overnight stays per regions				
		Belgrade region	**Region of Vojvodina**	**Region of Šumadija and Western Serbia**	**Region of Southern and Eastern Serbia**	**Region of Kosovo and Metohija**
2015	2,437,165	807,607	413,332	854,448	361,778	-
		33.1%	16.9%	35.1%	14.8%	
2016	2,753,591	913,150	446,492	996,565	397,384	-
		33.2%	16.2%	36.2%	14.3%	
2017	3,085,866	1,035,205	496,625	1,086,264	467,772	-
		33.5%	16%	35.2%	15.2%	

** Values given in percentages were calculated by authors*
Source: *Statistical Yearbook of the Republic of Serbia, 2018, p. 373; Statistical Yearbook of the Republic of Serbia, 2017, p. 377; Statistical Yearbook of the Republic of Serbia, 2016, p. 347.*

Table 2: *Total values and values by regions of tourist overnight stays for the period from 2015 to 2017 in the Republic of Serbia*

Year	Total values	Tourist overnight stays per regions				
		Belgrade region	**Region of Vojvodina**	**Region of Šumadija and Western Serbia**	**Region of Southern and Eastern Serbia**	**Region of Kosovo and Metohija**
2015	6,651,852	1,686,017	994,314	2,904,523	1,066,998	-
		25.3%	14.9%	43.7%	16%	
2016	7,533,739	1,867,150	1,123,923	3,414,123	1,128,543	-
		24.8%	14.9%	45.3%	15%	
2017	8,325,144	2,190,474	1,159,845	3,664,283	1,310,542	-
		26.3%	13.9%	44%	15.7%	

** Values given in percentages were calculated by authors*
Source: *Statistical Yearbook of the Republic of Serbia, 2018, p. 373; Statistical Yearbook of the Republic of Serbia, 2017, p. 377; Statistical Yearbook of the Republic of Serbia, 2016, p. 347.*

From the data in Table 1, it can be percieved that the highest values of the number of tourist arrivals in all three observed years are in the Region of

Sumadija and Western Serbia (in 2015 - 35.1% compared to the total values, in 2016 - 36.2% compared to the total values, in 2017 - 35.2% compared to the total values). The region of Southern and Eastern Serbia has the lowest value of tourist arrivals in the observed period (in 2015 - 14.8% compared to the total values, in 2016 - 14.3% compared to the total values, in 2017 - 15.2% compared to the total values).

The largest number of tourist arrivals in the observed period was recorded in 2016. From the data in Table 2, it can be seen that the highest values of tourist overnight stays in all three observed years are also in the Region of Šumadija and Western Serbia (in 2015 - 43.7% compared to the total values, in 2016 - 45.3 % compared to the total values, in 2017 - 44% compared to the total values).

The region of Vojvodina has the lowest value of the number of tourist overnight stays in the observed period (in 2015 - 14.9% compared to the total values, in 2016 - 14.9% compared to the total values, in 2017 - 13.9 % over total values). The largest number of tourist nights in the observed period was also recorded in 2016.

The key message of the research conducted within the Environmental Protection Agency is that "tourist activity in the Republic of Serbia does not significantly compromise the quality of the environment, and that by monitoring the indicator - number of arrivals and number of tourist overnight stays, tourist traffic in the Republic of Serbia, and thus potential environmental pressures are monitored" (Lekic, 2018, p. 133; Lekic & Jovanovic, 2017, p. 131).

According to official data, "although the Republic of Serbia is not a destination for "mass tourism", tourist arrivals increased by 56.5% in 2014, as well as overnight stays by 53.4%. In 2018, there was a total of 3.43 million tourist arrivals, which makes an increase of 11.2% compared to the previous year, and 9.34 million overnight stays were recorded, that is 12.1% more than in 2017. The number of beds and the number of overnight stays show that in comparison to 2001, in 2018 the capacities of the beds increased by 25% and the overnight stays increased by 29.8%. Such data on the capacity increase indicate increased pressure from infrastructure and construction facilities" (Lekic & Perunovic Culic, 2019, p. 157).

As it was mentioned above, tourist places are classified into five categories: administrative centers, spas, mountain resorts, other tourist sites and other

places. The following tables show the percentages of tourist arrivals and overnight stays in the period from 2016 to 2018, by types of tourist places in the Republic of Serbia, in order to monitor potential environmental pressures.

Table 3: *Tourist arrivals by types of tourist places in the Republic of Serbia, for the period from 2016 to 2018*

Year	Tourist arrivals				
	Administrative centers	**Spas**	**Mountain resorts**	**Other tourist sites**	**Other places**
2016	38%	17%	19%	22%	4%
2017	38%	17%	18%	23%	4%
2018	38%	17%	17%	23%	5%

Source: *Lekic & Perunovic Culic, 2019, p. 158; Lekic, 2018, p. 134; Lekic, 2017, p. 132*

Table 4: *Tourist overnight stays by types of tourist places in the Republic of Serbia, for the period from 2016 to 2018*

Year	Tourist places				
	Administrative centers	**Spas**	**Mountain resorts**	**Other tourist sites**	**Other places**
2016	27%	28%	26%	16%	3%
2017	27%	27%	25%	16%	4%
2018	29%	27%	23%	17%	4%

Source: *Lekic & Perunovic Culic, 2019, p. 158; Lekic, 2018, p. 134; Lekic, 2017, p. 133*

From the data presented in Table 3, it can be concluded that the percentages of tourist arrivals in mountain resorts in 2016 were 19%, in 2017 - 18%, and in 2018 - 17%. From the data presented in Table 4, it can be concluded that the percentage of tourist overnight stays in mountain resorts/towns in 2016 was 26%, in 2017 - 25%, and in 2018 - 23%. Out of five categories of tourist resorts, mountain resorts, on average, occupy the third place both in tourist arrivals and tourist overnight stays.

According to official data, "measured by the number of arrivals, tourists were the most numerous in the main administrative centers with 1,308,638 arrivals, while the arrivals in mountain and spa resorts were 596,313 and 596,884 respectively. Measured by the number of overnight stays, administrative centers had the highest traffic (2,707,776 overnight stays),

spa and mountain resorts/towns (respectively 2,542,391 and 2,172,906 nights)" (Lekic & Perunovic Culic, 2019, p. 158).

It should also be emphasized that "the protected natural regions represent the goods of great significance for tourism development. Bearing in mind that the negative impact of tourism on the environment is reflected, above all, on natural resources and biodiversity, sustainable management of protected natural regions is an essential condition for the increase of the tourist traffic" (Lekic, 2018, p. 134). Article 3 of the Law on Environmental Protection ("Official Gazette of the RS", No. 135/2004, ... 95/2018 - state law) stipulates that the environment is a set of natural and man-made values whose complex mutual relations make up the environment, i.e. area and conditions for life, while protected natural good is a well-preserved part of nature with special values and characteristics (geodiversity, biodiversity, scenery, landscape, etc.), due to which they have permanent ecological, scientific, cultural, educational, health-recreational, tourist and other significance, and therefore as a public good it enjoys special protection.

In 2017, a total of 101 ecologically significant areas were recorded in the Republic of Serbia, in accordance with the Regulation on the Ecological Network of the Government of the Republic of Serbia ("RS Official Gazette", No. 102/10). According to the Indicator Review of Economic Potentials and Activities of Importance for the Environment of the Republic of Serbia for 2017, it is stated that "monthly analysis of tourist arrivals and overnight stays indicates that in the summer months the highest traffic is present, which means that during this period there is the greatest pressure on biodiversity and water resources. Bearing in mind that the negative impacts of tourism are reflected, first of all, on biodiversity and protected natural areas, monitoring of protected areas in the segment of tourist activity is introduced "(Economic Potentials and Activities of Importance for the Environment of the Republic of Serbia for 2017 – Indicator Review, 2018, p.37).

According to the official data of the Environmental Protection Agency, "measured by the number of arrivals and overnight stays, in the period from 2010 to 2018., the most attractive regions for tourists are Zlatibor (Nature Park) and Kopaonik (National Park), then Tara (National Park) and Divčebare. Tourists were less likely to visit other mountains that are covered by some form of nature protection, such as Goč (Special Nature Reserve), Stara Planina and Mokra Gora which are Nature Parks. The analysis of arrivals and overnight stays by months indicates that Zlatibor is

evenly visited throughout the year. Kopaonik, as the largest ski center in the Republic of Serbia, has significantly more visitors in the winter, and Tara is the most visited during the spring and summer" (Lekic & Perunovic Culic, 2019, p. 159).

Conclusion

It is particularly important to consider the environmental impact of tourism, especially in recent decades when tourism has flourished globally. If one considers the relationship between tourism and the environment, besides the positive ones, there are numerous negative effects of the impact of tourism, which manifest primarily in the form of pollution of environmental elements, the destruction of flora and fauna, the degradation of cultural and historical monuments, and the banalization of space, etc. Bearing in mind the topic of the paper, the research was based on the analysis of the value of tourist arrivals and overnight stays in the Republic of Serbia for the three-year period from 2015 to 2017, then on the analysis of the balance of tourist traffic by types of tourist places (for the three-year period from 2016 to 2018), and a special focus was on the intensity of tourism in mountain towns. Of the five categories of tourist resorts, mountain resorts/towns occupy the third place in terms of tourist arrivals and tourist overnight stays. The key message so far is that tourism activity in the Republic of Serbia does not significantly threaten the quality of the environment, however, given that the negative impacts of tourism are reflected primarily on biodiversity and protected natural areas, it is necessary to introduce monitoring of protected areas in the tourist segment activity, especially in mountain towns, as a special category of tourist places in the Republic of Serbia.

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THE IMPORTANCE OF THE AGRICULTURAL FAIR IN NOVI SAD FOR THE DEVELOPMENT OF RURAL TOURISM

Nedeljko Prdić[1]

Abstract

The aim of this paper is to emphasize the importance of fairs for agricultural development and rural development with special reference to the promotion of rural tourism. It wants to point out the importance of agricultural fairs for the development of agriculture and tourism in the Republic of Serbia. The paper starts from a theoretical conceptual model of the importance of trade and communication fairs. The emphasis is on the participants of the fair in defining the concept of rural tourism development. The surveys conducted are based on the application of specific cognition and marketing research methods through a questionnaire. Special methods are analysis and logical deduction. The conclusion is that informing the participants of the fair can make a communication effort and emphasize the importance of tourism and rural tourism. Adhering to the research recommendations will allow increasing the role, importance and effects of the agricultural fair as a strategic instrument, will facilitate the elimination of doubts and overcome obstacles related to the economic importance of rural tourism. That will lead to the acceptance of the model of promotion of rural tourism by the fair, exhibitors and visitors to the fair.

Keywords: *agricultural fair, model, effects, rural tourism*

Introduction

Trade shows are one of the oldest market institutions in commodity trade. The first fairs were created during religious festivals, so the name also has an etymological source in certain foreign languages. With the development of social relations, productive forces and traffic, the role of fairs is becoming increasingly important. Trade shows have had a special role in trade after the Industrial Revolution. By increasing the international role of

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trade fairs in transport and trade, their importance is growing as a driver of service development and the beginnings of tourism. With the growth of international exchange, the number of people leaving permanent places of residence making a certain contribution to tourism of that age is increasing. For over 1,500 years, trade shows have been the primary mechanism for converting merchandise into money and vice versa. They were the world banking system (Chapman, 1995).

Due to market factors and scientific and technological developments, the development of new and higher quality products enabled the development of trade and other services such as tourism services. Specialized fairs in the new economic conditions represent a constant market for trade. Tourism fairs, by definition, facilitate service trade in tourism and are an integral part of promoting rural tourism in a particular region. However, the aim of this paper is to show how the International Agricultural Fair in Novi Sad can influence the development of tourism and rural tourism, given its importance, the number of international and domestic exhibitors, the large number of posters and the agricultural region in which it is located. It should be noted that the city of Novi Sad itself, in cooperation with the fair, could promote tourism potentials and tourism of the surrounding rural areas. The aim of the research is to gather primary information that will enable us to understand the specifics of the application of marketing communication mix in domestic (local) wine producers, as well as to understand the role and importance of fairs as an instrument of sales promotion and marketing communication. For the purpose of successful research, it is necessary to find out the motives, perceptions and tendencies of consumers and customers in the choice of specific products of manufacturers and their brands (Prdić, 2019).

The research is based on the application of specific cognition and marketing research methods that are conditioned by the problem in question. Marketing research methods use a comparative method using historical and testing methods. Qualitative data were collected through a survey method with a questionnaire at the International Agricultural Fair in Novi Sad held from May 11-17, 2019. The survey included 20 exhibitors from domestic wine producers and 100 visitors who visited the stand of wine producers. Specific methods used in the paper are analysis and synthesis, logical deduction and statistical data processing. These methods, as well as the special analysis of the importance of fairs in the developed countries, their own professional and scientific experience of the author of this paper will contribute to the successful result by emphasizing the

importance of the Agricultural Fair for the development of domestic agriculture. By defining the role of the fair in increasing trade, it also provided the knowledge that contributes to the fact that the tourism promotion model by the fair, exhibitors and visitors can contribute to the development of tourism in the city and rural tourism in the Autonomous Province of Vojvodina.

Agricultural Fair in Novi Sad

According to the Novi Sad Fair at the International Agricultural Fair held from May 11-17, 2019, 140,000 visitors, 1518 exhibitors from 32 countries, as well as a large number of tourism and insurance agencies visited the fair (Novosadski sajam, 2019).

The Novi Sad Fair, organized as an institution by the International Agricultural Fair, is a geographical, market and institutional venue for achieving the goals of the fair, businesses and visitors. The Agricultural Fair is a kind of brand that allows the trade and concentration of a large market in the agricultural sector (Kuzman & Prdić, 2020).

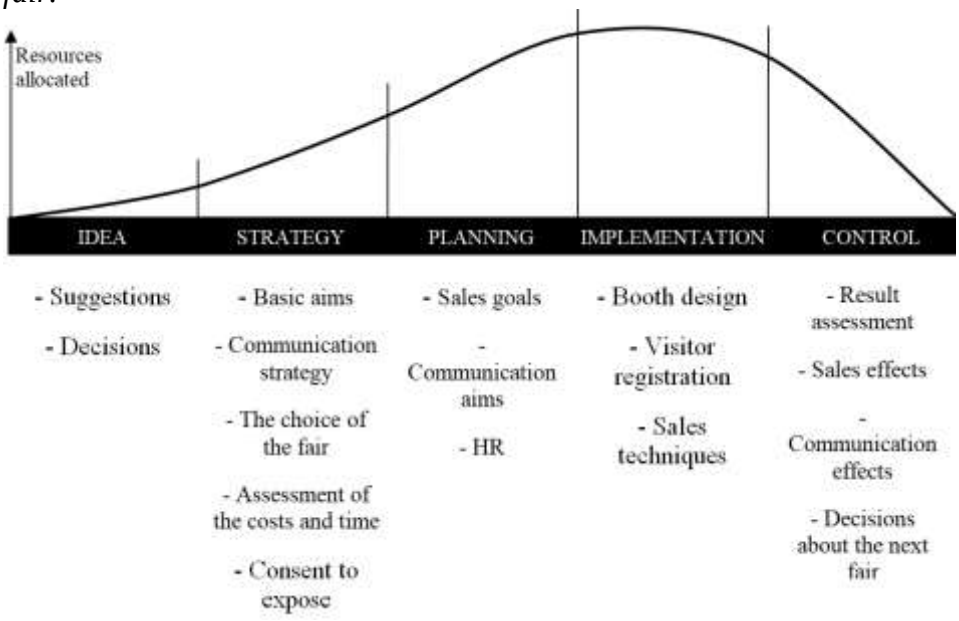
The management, implementation and implementation of a marketing strategy for rural tourism development should be based on the common interests of different stakeholders (Grubor et al., 2019). Based on the views of the previous authors, all of the above, a unique conclusion is that the International Agricultural Fair in Novi Sad has objective conditions for the development of trade, tourism and regional tourism.

Success model for tourism and rural tourism development at the fair

The primary aim of the paper is to present the current state of the Agricultural Fair in Novi Sad in terms of its role and importance for agricultural development, and to determine certain assumptions for improving the market position in terms of emphasizing the importance of tourism and rural tourism both by the fair and exhibitors and visitors fair. The intention is to systematize existing knowledge through theoretical considerations and to propose an adequate model of efficiency based on our own research and experience. In order to be relevant to the research and efficiency of the company at the fair in our example of domestic wine producers, it is necessary to anticipate all activities in the appearance of the company at the fair, namely the planning, organization, implementation and control of the results achieved, as shown in Figure 1. These basic

management functions show the ability of the company to measure the results achieved at the fair based on the chosen strategy and goals.

Figure 1: *The life cycle of the project is the appearance of companies at the fair.*



Source: *Prdić, N. (2018). Sajmovi, komunikacija, prodaja [Fairs, Communications, Sales], Prometej, Novi Sad.*

Meeting economic and communication goals are measures for effectiveness of the show. It is very important to note that the need to evaluate and control the results achieved at the fair is necessary because of limited resources for investment. Based on Figure 1. we can conclude that the evaluation of the achieved results is a thoughtful activity in the realization of the project of the appearance of the companies at the fair in our case of domestic wine producers in order to compare the planned with the achieved goals.

Mount Fruška Gora is considered a relevant production area because of the importance and influence for the development of the Agricultural Fair in Novi Sad. The wine market in our country is quite attractive, so participation at the fair aims at increasing sales and production. The aim of the test is to collect information on a sample of 20 producers of Fruška Gora wines that will enable understanding of the specificities of Fruška Gora wines. Adequate marketing strategy for the fair, in addition to achieving

economic and communication effects, can contribute to the development of tourism and rural tourism in Fruška Gora. By designed communication and understanding of the wishes of the visitors of the fair, wine producers can economically realize the contacts they made and improve communication after the fair and between two fairs. The development of tourism and rural tourism after obtaining information and research at the fair must be an integral part of the marketing strategy for the sale and communication of these companies with the market. When it comes to the capital structure, the survey data are as follows:

- 83% private equity of domestic origin,
- 11% mixed capital of domestic and foreign origin
- 6% state capital.

Survey data show that the capital structure is dominated by private equity of domestic origin (83%), while 11% is in mixed ownership of enterprises, and 6% is state capital where ownership, bankruptcy, etc. are not resolved. On the basis of the above data, further investigations were made with wine producers of private domestic capital. When asked if the company had a clearly defined marketing strategy for appearing at the fair, the answer was as follows:

- Yes - 19%
- No – 81%.

From the obtained data, we may conclude that domestic companies do not have a clearly defined strategy for appearing at the fair and what marketing communication means they can attract potential customers. It is necessary to clearly define the strategy of performance by applying all managerial functions through the realization of the project of appearing at the fair. The results of the research regarding the importance of tourism and rural tourism of wine producers from Fruška Gora are as follows: Does the Agricultural Fair contribute to increasing your sales:

- Yes – 38%
- No – 62%.

Would sales increase if the Agricultural Fair promoted tourism and rural tourism in the city and Fruška Gora:

- Yes – 75%
- Perhaps – 17%
- No – 8%.

The research conducted has made it clear that the marketing strategy is underdeveloped and is regarded as a "cost" rather than an investment. Based on the aforementioned facts, the conclusion is that domestic wine producers must adopt a strategy of appearance at the fair in the form of carrying out all necessary activities for the realization of the performance. These studies show that producers understand the importance of the Agricultural Fair in terms of increasing sales and achieving overall economic indicators. A large number of respondents (75%) consider the importance of promoting the importance of the tourism of the city and the rural tourism of Fruška Gora, which can contribute to the increase of sales of their products.

From the above it can be concluded that the Agricultural Fair can contribute to the increase in sales of wine producers, as well as that the strategy of development of city tourism and rural tourism in Fruška Gora contributes to the overall economic progress of the wine producers.

The research also needs to find out the importance of customer size, which is reflected in the volume of products purchased and used as a basic variable to calculate the importance of customers for the business. It is important to emphasize that the sample size data does not distinguish between visitors who visited the fair but not the booth of the observed company and those who did not visit the fair at all (Prdić et al., 2014).

From the above, we can conclude that the data analysis covered only the attitudes and perceptions of the booth visitors of these companies based on the problem in question. The basis for making decisions for the sales and communication strategy with the target public.

The process of meaningful visitor registration is one of the essential elements of direct communication with the aim of discovering the type of visitors of particular importance, the ability to purchase and other visitors that may be of importance to the exhibitor company. One of the most important elements of a communication strategy for attracting visitors is the design of a booth that represents the identity of the company. The pleasant ambience at the wine producer's stand is a basic prerequisite for the demonstration and wine tasting. Recording the visitors to the booth by its importance is crucial. It is important to distinguish if it they belong to the groups large-scale, medium or small–scale purchase customers. One of the important elements is the logging of visitors with respect to the importance of the company and the range of its products (Table 2).

Table 1: *Visitor registration form at the fair stand*

GLYNWED LTD. – INTERNATIONAL FAIR

Your name: _____	The Fair day: ____	Date: _____	Time: _____

Fill in the lines immediately above.
Then, triple-click the vertical columns below for each visitor to the booth you interviewed, no matter how brief the conversation.
(See back for definitions)

		1	2	3	4	5	6	7	8	–	20
1.	TYPE OF VISITOR										
a.	Of particular importance										
b.	Possibility of purchase										
c.	The other visitors										
2.	THE IMPORTANCE (when during the year)										
a.	Very big (5000 and more)										
b.	Big (1000-5000)										
c.	Middle (500-1000)										
d.	Small (less than 500)										
e.	No particular significance or ability to buy										
3.	PREVIOUS KNOWLEDGE										
a.	Detailed info about at least one of our products										
b.	General knowledge of our product range										
c.	No prior knowledge of our products										

Source: *Prdić, N. (2018). Sajmovi, komunikacija, prodaja [Fairs, Communications, Sales], Prometej, Novi Sad.*

The answers to the specific question: "Do you consume wine?", that the visitors of the stand of domestic wine producers at the 86th International Agricultural Fair were asked, were the following:

- Yes - 81%
- No - 19%

The survey data show that 81% of respondents are wine consumers and 19% are not, which shows that a large number of visitors use these products, and that producers have to define and implement an adequate marketing strategy for sales and communication with consumers and potential wine consumers. When asked if price is an important factor when deciding to buy wine the answers were the following:

- Yes - 65%
- No - 35%

Based on previous research, we can see that price (65%) as an instrument of the marketing mix is a very important element when deciding to buy wine. Through communication and direct trade at the fair, wine producers find common interest with consumers when it comes to price.

When it comes to the quality of different wines as well as packaging, the consumer response of the stand visitors is as follows:

- Yes – very important 79%
- Yes – all I care about is the quality 15%
- Yes – I care about the manufacturer's brand 6%.

In addition to price, product quality is the most important marketing mix instrument that can affect sales value. A satisfactory level of quality is one for which the consumer is willing to allocate certain funds. With the satisfactory quality of the product, the consumer is ready to personally visit the place of production and directly convince of the production methodology and the quality of the wine. Based on the above, we may conclude that by visiting the company, the consumer also becomes a tourist who will certainly get to know all the tourist potentials of Fruška Gora.

The answers to the specific question: "Are you satisfied with the International Agricultural Fair and is it significant for the development of tourism in the city of Novi Sad?", were the following:

- Yes - 69%
- Yes if promoted well - 28%
- No – 3%.

The above data show that a large number of respondents (69%) think that the fair is important for the development of tourism in the city, while (28%) believe that the need is a good strategy of communication of the fair with exhibitors, visitors, decision makers, expert and scientific public.

To the specific question whether the International Agricultural Fair in Novi Sad contributes to the development of rural tourism in AP Vojvodina, the answers were as follows:

- Yes – 48% because of the close proximity of Fruška Gora
- Yes – 28% because of the great number of country farms in the vicinity
- Yes – 24% because of the Danube and all of its potentials

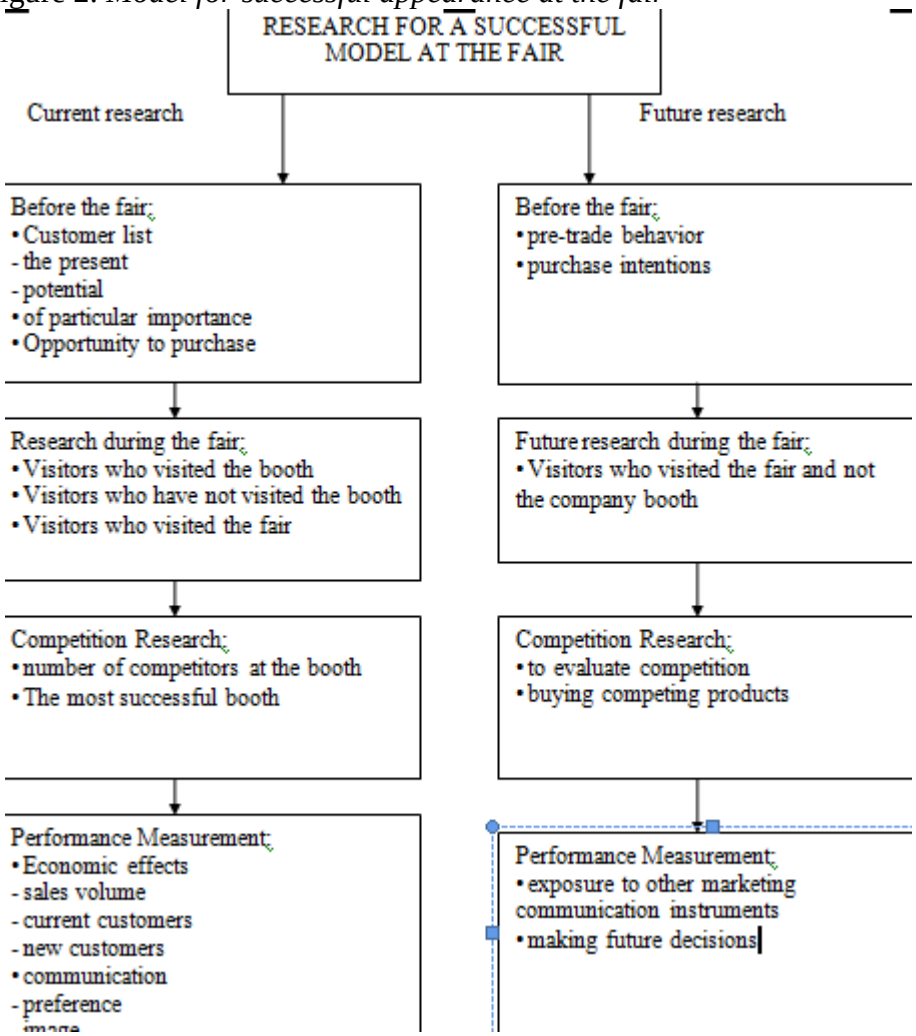
The analysis of the results shows that the fair as the organiser is in need of an adequate strategy of communication with the visitors of the fair, as well as a marketing strategy of the company exhibiting domestic wine producers. Based on the results, it can be concluded that the Agricultural Fair is unique in pursuing the interests of the fair, the city, exhibitors and visitors of the fair. The aforementioned statement may be considered relevant because of the interconnection of stakeholders' interests when it comes to wine sales, urban tourism development and rural tourism in the region. The aforementioned research shows that domestic companies and the fair should reconcile economic interests and inform the overall visitors of the fair about the tourism potential and importance of rural areas for the development of the region and the state through communication instruments.

Recommendations for adopting a tourism and rural tourism development model at the fair

The International Agricultural Fair in Novi Sad has all the prerequisites for the realisation of the goals of the fair, exhibitors and visitors. The research for a successful model of a company's participation at the fair (Figure 2) shows the basic prerequisites for successful participation in meeting the overall goals of the company. The example given in Figure 2 is just a basic prerequisite that can be one of the strategies for measuring the effects of onset. By analysis and research, it is necessary to determine the activities that have to be undertaken before the fair and during the fair for potential buyers to come to the booth of the company. For a good assessment of the interests of the company, it is necessary to find out the type, structure and quality of visitors as well as to find out what their purchase intentions are. The research needs to find out what the visitors' views are about the competition products and what communication activities are undertaken after the fair. These data serve to achieve the economic and communication goals of the company by appearing at the fair, as well as information that will allow changing the strategy of appearing at the next fair and comparing the fair with other marketing communication instruments.

Organizing a clearly selected fair and defining goals is necessary for the company to define its activities precisely. Precisely defined goals clearly guide the complete plan of immediate activities for the implementation of the performance project. Clearly defined and well-defined goals to be achieved are the basis for measuring and determining the success of the company at the fair as an instrument of sales promotion (Prdić, 2012).

Figure 2: *Model for successful appearance at the fair*



Source: *Prdić, N. (2018). Sajmovi, komunikacija, prodaja [Fairs, Communications, Sales], Prometej, Novi Sad.*

Therefore, planning is the basic function of the realisation of the agricultural fair in this case. The plan must be precisely defined based on

precisely defined economic and communication objectives. Based on the previous paragraph and the subject of the research, the key goals are to achieve economic effects but also good communication based on which the wine producer can establish such a relationship that customers visit the company only. The natural resources of Fruška Gora is certainly the fact that it is a tourist destination. Following the contents of the Tourist Organisation of the city, it is possible to visit the so-called "Wine Roads" as well as numerous monasteries of Fruška Gora.

The research hypothesis that strategic approach to trade fairs leads to an increase in business efficiency and competitiveness of two relevant world fairs, applying competitive methods based on distribution composition, on the basis of which the exhibitor company can choose a fair that, by its market status, enables the exhibitor company to achieve the planned goals was confirmed (Prdić, 2017).

One of the preconditions for a successful performance strategy involves choosing a fair. A properly selected fair is a basic prerequisite for meeting economic and communication goals. When it comes to the Agricultural Fair in Novi Sad, it has competitive advantages over fairs in the region. However, the fair conditions themselves are not a prerequisite for achieving the goals. It is necessary that the fair itself have an adopted strategy of mutual communication of exhibitors in this case wine producers and visitors who have an interest in visiting all the tourism potential of the region. These strategies can be organised together with the City Tourism Organisation. The Agricultural Fair in Novi Sad can, in an organised manner, enable visitors to visit tourist potentials and rural agricultural areas for tourism purposes. In the example of the Austrian wine market, higher quality wines are produced by large companies in comparison with smaller companies united in cooperatives (Pennerstorfer & Weiss, 2012).

The previous example indicates the size of a business and its potential in the market. The example of Austrian wine producers points to a market organization in which large companies have succeeded in marketing strategy to control much of the market over smaller ones. Prior knowledge may give impetus to small domestic producers to adopt an adequate marketing strategy to increase sales and joint exports. Adjusting the production system for the export of agricultural products creates the necessary conditions for irrigation to be an economic stabilisation factor that enables exports and significant revenues (Mihailović et al., 2014).

The creation of all conditions of production, and especially of the region of AP Vojvodina, which borders the Danube River, points to the fact that the conditions of production and a healthy environment are the engine of progress and development. Exporting wine products from a known geographical area can boost production and investment. By creating production and economic conditions on the Danube River as well as the potential of Fruška Gora, it is possible to reconcile the wine production strategy and the tourism and rural tourism development strategy.

The analysis can lead to the necessary conclusions in the Novi Sad agglomeration that in 2012-2014 the air was clean or slightly compressed, while in 2015 the pollution moved into the second category (moderate), which indicates a trend of suspended particles growth (Cvijanović & Matijašević, 2017).

A healthy environment allows for a better life, a better quality product and a more frequent stay in nature. These natural conditions must be preserved by taking action on environmental protection, nature conservation, and tourism development. Long-term competitive advantage in the tourism market and managing the supply and demand relationship require understanding of a number of factors and identifying key trends in the tourism market (Freitag & Pyka, 2011).

The competitive strategy of caring for dominance in the tourism market when it comes to the subject matter of this paper indicates the link of a quality product from a healthy environment with the success of product sales and increasing the utilisation of tourism potentials. Important criteria for choosing a tourism product are health, safety and security. Analysing contemporary social trends, we may conclude that the increase in health culture has a positive effect on the increase in demand for healthy products and services that are in the function of preserving the quality of life and health (Stanković et al., 2012)

In modern market conditions, the production of healthy products, where consumption in moderation includes wine, allows the development of tourism and health tourism according to the criteria of the World Health Organization. When we know that Fruška Gora also has spa potentials, unique nature and monasteries, the focus on healthy products and healthy living certainly brings success. The future development of the International Agricultural Fair in Novi Sad as a strategic instrument for the development of tourism and rural tourism is based on realistic market indicators and

natural resources. Leadership of the Agricultural Fair in the region means giving up short-term and annual development plans and creating a strategy and preconditions for development with all participants of the fair, the city based on long-term partnerships. The aim of these changes is to synergize activities with other stakeholders and to promote tourism and rural tourism as a fair development strategy. The conclusion is that the fair must adopt a development model based on competitive advantage and the application of information technology in communication. The strategy of developing the fair based on the competitive advantage and the strategy of development of urban and rural tourism is the strategy of development of the city and the surrounding rural areas. Therefore, developing a fair as well as tourism and rural tourism must be a reality and a long-term business goal. The adoption of the aforementioned strategy and its practical implementation in business will create the necessary conditions and remove obstacles to the development of the Agricultural Fair and the tourist industry.

Conclusion

The conducted research has made it possible to achieve the basic goal of the work that the International Agricultural Fair in Novi Sad is a place where the interests of the fair companies of exhibitors and visitors of the fair can be realised. The importance of fairs in the market-developed countries was pointed out, as well as the prerequisites for the implementation of the model and the concept of the importance of the agricultural fair for the development of tourism in the city, the rural tourism of Mount Fruška Gora and the Danube region. If we know that the work starts from the theoretical concept of the importance of trade and communication fairs, we can conclude that the participants of the fair can achieve their goals in the domestic market. The model, which entails defining the agricultural fair as an event venue, and its contribution to the effects of business, fits into the framework. The framework contributes to the importance of the fair for the development of trade and sales of enterprises of domestic wine producers and other participants of the fair who see the fair as a place of construction competitive position and achievement of planned goals. The research proved that the economic success of the fair depends on the business ability to organise the fair in both domestic and regional and other markets. Achieving the goals of domestic wine producers presupposes the possibility of using the fair as a strategic instrument that will enable a better competitive position in the market and establish such relationships with consumers, where long-term partnerships can be established based on satisfying their interests. This role

of agricultural fair and domestic wine producers will create conditions for promotion of the fair as a place for pursuing economic interests, as well as interests of tourism services. By accepting the fact of importance of the fair for the development of tourism and rural tourism, the city and the region, it will create the necessary conditions that enable the fair's role as an event venue where the participants of the fair can achieve their goals. The conducted research concluded that most companies of domestic wine producers do not have a defined marketing strategy for appearing at the fair. The results of the survey show that 75% of enterprises believe that the Agricultural Fair can be a place for promotion of tourism and rural tourism, but 62% of the respondents believe that the fair does not contribute to the increase of sales. From the above, it can be concluded that domestic wine producers must define the marketing strategy of appearing at the fair in terms of increasing sales. The realised communication at the fair can contribute to the development of rural tourism at the place of production of wine, which in the end can certainly affect the overall business result. When analysing consumer attitudes of visitors to the booth, 81% of them consume wine. The data also shows that the price is a significant factor in the marketing mix for buying decisions for 65% of the respondents, as well as the quality for which 79% of respondents confirmed importance. Visitors to the booth of the company have a positive attitude of 69% that the International Agricultural Fair can contribute to the development of tourism in the city. Regarding the development of rural tourism in AP Vojvodina, 48% of respondents believe that the fair contributes to the development of rural tourism due to the proximity of Fruška Gora, 28% of them said it was due to the large number of traditional farmhouses, and 24% that it was due to the proximity of the Danube and all potentials that can be used for the development of rural tourism.

The conducted researches made it possible to achieve the goal of work in terms of emphasising the importance of fairs in market developed countries and in our country, stated the importance of the International Agricultural Fair as an instrument for increasing business sales and determined the assumption for the implementation of the concept of developing the fair as a place for tourism and rural tourism development. Bearing in mind that the main objective of the paper focuses on the role, importance and effects of the Agricultural Fair as a strategic instrument for increasing the role and importance of tourism and rural tourism development on the one hand, the paper also focuses on the results of an empirical study of the economic status of local wine producers from the Fruška Gora area on the other. On the other hand, it is necessary to anticipate and identify all obstacles that

contribute to improving the market position of the company by appearing at the fair. Respecting the empirical research of consumer attitudes of visitors to the stand of wine producers at the fair will eliminate dilemmas and overcome barriers of fair participants regarding the economic importance of rural tourism, which will contribute to and lead to the acceptance of tourism promotion and rural tourism models by fair participants.

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DEVELOPMENT OF SPA TOURISM IN DEVASTATED RURAL REGIONS OF THE REPUBLIC OF SERBIA

Jelena Radović Stojanović[1]; Dragana Gnjatović[2]

Abstract

The subject matter of the paper is an exploration of the possibilities and limitations for the spa tourism development in devastated rural regions of the Republic of Serbia. The aim of the paper is to point out to main obstacles for more efficient use of the healing natural resources in the spas situated in the least developed local administrative units (LAU) of the Republic of Serbia. We start from the hypothesis that the development of spa tourism in devastated rural regions of the Republic of Serbia could not be possible without regional state aid. We define devastated rural regions of the Republic of Serbia on the basis of the "Law of Regional Development" and its accompanying regulations. In order to explain the complexity of economic problems of the spa resorts in devastated rural regions, we compare relevant statistical data for 2017 and 2018 with the data from the last 2011 Census. Based on the "Law on Investments" and its accompanying regulations, we analyze the existing and possible investment policy instruments aimed for the development of spa tourism in least developed LAU of the Republic of Serbia.

Key Words: *devastated rural regions, spa resorts, regional state aid, Republic of Serbia*
JEL classification: *H71, L83, R53*

Introduction

Economic development of the least developed rural regions is of vital strategic interest for the Republic of Serbia. Those regions are burdened with long-term problems of depopulation and unemployment. On the other

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hand, those regions are rich with natural resources which are utilized modestly but could become the key economic development incentives. Among those natural resources are healing natural factors, such as thermal and mineral waters, clean air and peloids. These natural resources should be considered as an important comparative advantage for the development of spa tourism in rural areas.

There are two strategic directions for more efficient utilization of the healing natural factors in the least developed rural regions of the Republic of Serbia. First, the existing accommodation facilities in spa resorts in the least developed rural regions need to be revitalized. Second, new accommodation facilities should be built in those spa resorts. Both the revitalization of the existing facilities in spa resorts located in the least developed rural regions and the construction of the new ones need long term investments. Taking into account the economic situation in the least developed rural regions of the Republic of Serbia, the investments in spa resorts in these regions could be realized only with the assistance of the regional state aid.

The NUTS methodology for classifying the regions

In order to understand the conditions in which spa resorts are functioning in the least developed regions, we compare economic indicators for underdeveloped areas with corresponding indicators for the Republic of Serbia. According to the "Law on Regional Development" (*Official Gazette of the Republic of Serbia*, no. 51/2009, 30/2010, 89/2015), the regions of the Republic of Serbia are administrative territorial units established for the purposes of planning and implementing the regional development policy. The methodology applied for their classification has been created in line with the NUTS ("Nomenclature of Territorial Units for Statistics") methodology (EUROSTAT, 2016) implemented within the European Union Cohesion Policy (Grbić, 2013).

According to the NUTS methodology (EUROSTAT, 2016), there are three hierarchical levels of statistical territorial units in the national economy, based on the number of inhabitants. Within the NUTS 1 level are the regions with 3,000,000 to 7,000,000 inhabitants, within the NUTS 2 level are the regions with 800,000 to 3,000,000 inhabitants and within NUTS 3 level are the areas with 150,000 to 800,000 inhabitants. According to the "Regulation on Establishing the Single List of the Level of Development of Regions and the Local Territorial Units" (*Official Gazette of the*

Republic of Serbia, no. 104/2014), in the Republic of Serbia there are two NUTS 1 regions: Serbia North and Serbia South. Within Serbia North, there are two NUTS 2 regions: the Region of Belgrade and the Region of Vojvodina, while within Serbia South there are three NUTS 2 regions: the Region of Šumadija and Western Serbia, the Region of Southern and Eastern Serbia and the Region of Kosovo and Metohija (Graph 1).

The NUTS 2 regions of Serbia North are considered as developed ones because their GDP per capita is above or at the level of the national GDP per capita. In 2017, GDP per capita of Belgrade Region was 68.1% higher than national GDP per capita while GDP per capita of the Region of Vojvodina was at the level of the national GDP per capita. Belgrade Region contributed with 40.4% and the Region of Vojvodina with 26.5% to the formation of national GDP (Statistical Office of the Republic of Serbia, 2019).

NUTS 2 regions of Serbia South are considered as underdeveloped ones because their level of GDP per capita is below the national GDP per capita. In 2017, GDP per capita of the Region of Šumadija and Western Serbia was 30.5% lower than the national average while GDP per capita of the Region of Southern and Eastern Serbia was 36.3% lower than the national average. The Region of Šumadija and Western Serbia contributed with 19.2% and the Region of Southern and Eastern Serbia with only 13.8% to the formation of national GDP (Statistical Office of the Republic of Serbia, 2019).

Defining devastated rural regions

Within the NUTS 3 regional hierarchical level, there is Belgrade as a capital city and there are 29 districts. In order to determine which districts should be considered as the least developed ones, we present their contribution to Gross Value Added (GVA) of the Republic of Serbia and compare the level of development of each district to the national average, using GVA per capita index for each NUTS 3 district (except for the districts in Kosovo and Metohija).[3]

[3] Data for the Region of Kosovo and Metohija are not available. Thus, GVA of the Republic of Serbia comprises regional GVA of the Region of Belgrade, the Region of Vojvodina, the Region of Šumadija and Western Serbia and the Region of Southern and Eastern Serbia.

Table 1: *Contribution of NUTS 3 Districts to Gross Value Added of the Republic of Serbia and Gross Value Added per capita Index, 2017*

NUTS 3 Districts	Contribution to GVA of the Republic of Serbia (in %)	GVA per capita index (the Republic of Serbia = 100)
The Region of Belgrade		
Capital City Belgrade	40.4	168.3
The Region of Vojvodina		
District of Južna Bačka	10.9	123.6
District ofSrem	4.0	93.8
District of Južni Banat	3.5	89.2
District of Srednji Banat	2.2	86.3
District of Severni Banat	1.6	79.5
District of Zapadna Bačka	2.0	77.8
District of Severna Bačka	2.4	71.6
Šumadija and Western Serbia		
District of Morava	2.6	89.0
District of Šumadija	3.4	83.0
District of Zlatibor	3.0	78.4
District of Kolubara	1.8	76.8
District of Mačva	2.5	62.6
District of Pomoravlje	1.8	60.9
District of Rasina	1.9	60.2
District of Raška	2.2	51.1
Southern and Eastern Serbia		
District of Bor	1.5	91.8
District of Pirot	1.1	88.5
District of Braničevo	1.9	77.2
District of Nišava	3.8	73.0
District of Toplica	0.7	58.0
District of Zaječar	0.9	55.4
District of Jablanica	1.4	49.5
District of Podunavlje	1.3	47.0
District of Pčinja	1.3	45.5

Source: *Statistical Office of the Republic of Serbia (2019)*

Table 1 shows that within the underdeveloped NUTS 2 regions, there are six districts (Raška, Toplica, Zaječar, Jablanica, Podunavlje and Pčinja) whose level of development, measured by GVA per capita amounts to less

than 60% of the level of development of the Republic of Serbia. Five of them are located in the most underdeveloped Region of Southern and Eastern Serbia and one of them in the underdeveloped Region of Šumadija and Western Serbia.

In the Republic of Serbia, all NUTS 3 districts are divided in local administrative units (LAU) whose boundaries correspond to the territories with the status of towns or municipalities. According to the "Law on the Territorial Organization of the Republic of Serbia"(*Official Gazette of the Republic of Serbia*, no. 129/2007, 1872016, 47/2018), there are 29 LAU with the status of towns and 150 LAU with the status of municipalities.

All towns and municipalities in the Republic of Serbia are classified in four groups depending on the level of their economic development in comparison with the national average. The towns and municipalities belonging to the first and the second group are considered to be the developed ones. The first group encompasses all towns and municipalities with the level of development higher than the national average. The second group encompases those towns and municipalities whose level of development amounts from 80% to 100% of national average. The municipalities classified in the third or the fourth groups are considered as underdeveloped ones. The third group consists of underdeveloped municipalities whose level of development amounts from 60% to 80% of the national average. The fourth group comprises those least developed municipalities whose per capita income is below 60% of the national average. All municipalities classified in the third and fourth group are situated in underdeveloped NUTS 2 regions of the Republic of Serbia.

In the above mentioned "Regulation on Establishing the Single List of the Level of Development of Regions and the Local Territorial Units"(*Official Gazette of the Republic of Serbia,* no. 104/2014*),* devastated areas have been singled outwithin the fourth group of local administrative units. It has been explained that devastated areas are meant to be "those least developed local administrative units whose level of development is less than 50% of the national average." The level of development of each LAU is calculated based on both its income per capita and additional indicators of crucial importance for understanding the statehood of its economy. Thereby, the level of development of each municipality is calculated by applying the LAU development index. As explained in the "Regulation on Establishing the Methodology for Calculating the Level of Development of Regions and Local Territorial Units" (*Official Gazette of the Republic of Serbia,* no. 68,

2011), the LAU development index is a synthetic indicator comprised of additional separate indicators showing the economic situation of a certain town or municipality. Those separate indicators are the following: the population growth or decline, the population density and the rate of unemployment. By applying the LAU development index, 19 municipalities have been singled out as the devastated areas, as presented in Table 2.

Table 2: *Devastated areas in the Republic of Serbia*

District (NUTS 3)	**Municipality**
The Region of Šumadija and Western Serbia	
District of Zlatibor	Prijepolje
District of Mačva	Mali Zvornik
District of Raška	Tutin
The Region of Southern and Eastern Serbia	
District of Braničevo	Golubac
District of Pirot	Babušnica, Bela Palanka
District of Nišava	Merošina, Svrljig
District of Toplica	Žitorađa, *Kuršumlija*
District of Jablanica	Bojnik, Lebane, *Medveđa*
District of Pčinja	Bosilegrad, *Bujanovac*, Vladičin Han, Preševo, Surdulica, Trgovište

Source: *"Regulation on Establishing the Single List of the Level of Development of Regions and the Local Territorial Units" (Official Gazette of the Republic of Serbia, no. 104/2014)*

It could be seen that sixteen out of nineteen devastated municipalities are located in Southern Serbia while three remaining ones are located in Western Serbia. It is also worth mentioning that eleven devastated municipalities (Golubac, Babušnica, Bela Palanka, Merošina, Svrljig, Žitorađa, Kuršumlija, Bojnik, Lebane, Medveđa, Bosilegrad, Bujanovac, Vladičin Han, Preševo, Surdulica and Trgovište) are located in three least developed districts of the Southern Serbia (Districs of Toplica, Jablanica and Pčinjca). The economic situation in those rural districts can be well explained by Article 107 of *The Treaty on the Functioning of the European Union* (EU Official Journal, C 326/2012). Article 107 of the Treaty refers to the role of regional state aid for the realization of regional development policy goals. Namely, in Article 107 of the Treaty, it has been stipulated that regional state aid should promote the economic development of "areas

where the standard of living is abnormally low or there is serious underemployment."

Spa Resorts in devastated rural regions

There are five well known Spa Resorts located in three devastated rural municipalities, belonging to three least developed districts in the Southern Serbia: Lukovska banja, Prolom banja, Kuršumlijska banja, Sijarinska banja and the Spa Resort of Bujanovačka banja. With the exception of Prolom banja, the other four were well known even from the period before World War II. In 1929, there were 288 healing waters on the territory of the Kingdom of Yugoslavia, and 46 of them were ranked as of the first and the second category (Radović-Stojanović & Gnjatović, 2018). Kuršumlijska banja was ranked as of the first, and the Sijarinska banja as of the second category (Statistical Yearbook of the Kingdom of Yugoslavia, 1929). The other two, Lukovska banja and Bujanovačka banja, were ranked as "the others", which was supposed to mean - of minor importance. The development of Prolom banja began after World War II and it was officially opened in 1968.

The Spa Resorts of Lukovska banja, Prolom banja and Kuršumlijska banja are located in the Municipality of Kuršumlija, District of Toplica. These Spa Resorts are situated on the slopes of the Kopaonik. They are rich with mineral waters. The Spa Resort of Sijarinska banja is located in the Municipality of Medveđa, District of Jablanica. This Spa Resort is situated on the slopes of the Goljak. There are eighteen mineral springs which are actively used for healing purposes. The Spa Resort of Bujanovačka banja is located in the Municipality of Bujanovac, District of Pčinja. It is situated on the slopes of Kozjak and Rujan. It is rich with thermal mineral water, medical mud (peloid) and natural gas, used for therapeutic purposes.

The Municipality of Kuršumlija, situated in the District of Toplica, is one of the least developed devastated rural regions in the Republic of Serbia. As of the population estimates data for 2018, the Municipality of Kuršumlija had 17,545 inhabitants. It covers an area of 952 km². The Municipality of Medveđa, situated in the District of Jablanica, is also one of the least developed rural regions of the Republic of Serbia. As of the population estimates data for 2018, this municipality had 6,590 inhabitants. It covers an area of 524 km².The Municipality of Bujanovac is situated in the District of Pčinja which is the least developed devastated rural region in the Republic of Serbia. As of the population estimates for 2018, the

Municipality of Bujanovac had 37,735 inhabitants. It covers an area of 461 km² (Statistical Office of the Republic of Serbia, 2019a).

Besides extremely low standard of living of their inhabitants, the key economic problems of those three municipalities have been demographic decline, relatively low population density and relatively high unemployment rates (Table 3).

Table 3: *Selected economic and demographic indicators for the Republic of Serbia and the Municipalities of Kuršumlija, Medveđa and Bujanovac*

	Estimated population June 30th		**Population growth or decline 2011-2018**		**Population density (number of inhabitants per 1 km²)**	
	2011	**2018**	**Number**	**Growth rate (in %)**	**2011**	**2018**
The Republic of Serbia	7236519	6982604	-253915	-3.5	93.6	90.0
Municipality of Kuršumlija	19243	17545	-1698	-8.8	20.1	18.4
Municipality of Medveđa	7460	6590	-870	-11.7	14.2	12.6
Municipality of Bujanovac	38230	37735	-495	-1.3	83.1	81.8
	Number of employed		**Number of unemployed**		**The unemployment rate (in %)**	
	2011	**2018**	**2011**	**2018**	**2011**	**2018**
The Republic of Serbia	1 746 138	2 131 079	738 756	552 513	29.7	20.1
Municipality of Kuršumlija	2 671	4 415	3 040	2 582	53.2	36.9
Municipality of Medveđa	1 225	1 686	1 482	1 380	54.7	45.0
Municipality of Bujanovac	5 478	5 845	4 227	4 609	43.5	44.1

Source: *Statistical Office of the Republic of Serbia (2012); Statistical Office of the Republic of Serbia (2019a)*

All analyzed municipalities cope with the problem of depopulation. This problem arises when over a longer period a certain area registers a population decline. Table 3 shows that in 2011, which is the year of the last Census, the Municipality of Kuršumlija had 19,243 inhabitants. As of 2018, this Municipality had 17,545 inhabitants. In 2011, there were 7,460 inhabitants in the Municipality of Medveđa. As of 2018, this Municipality

had only 6,590 inhabitants. The situation is less dramatic in the Municipality of Bujanovac although this local administrative unit is also burdened with the problem of negative population growth rate. In 2011, there were 38,230 inhabitants while in 2018, there were 37,735 inhabitants.

The problem of depopulation is not only the specificity of devastated areas; it is also faced by most municipalities and cities in the Republic of Serbia. For that reason, it has been identified at the national level, as well. The depopulation trend in the Republic of Serbia has been already registered in the period between the two Censuses, conducted in 2002 and 2011 (Zdravković, 2016). This trend continued after the last 2011 Census. When it comes to the three mentioned municipalities, it should be borne in mind that the Municipality of Kuršumlija and the Municipality of Medveđa register a far more intense population decline in comparison to this demographic trend on the level of the Republic of Serbia, as shown by the data presented in Table 3. While in the period from the last 2011 Census until 2018, the Republic of Serbia experienced negative average population growth rate amounting to -3.5%, the Municipalities of Kuršumlija and Medveđa were faced with the negative average population growth rates amounting to -8.8% and -11.7% respectively. In the same period, negative average population growth rate amounting to –1.3% was registered in the Municipality of Bujanovac.

Negative population growth rates have led to a decrease in population density in the territory of the analyzed municipalities. The population density is calculated as the number of inhabitants per square kilometer of a certain area. The decrease in population density is an indicator which gains in its importance with migrations caused by growing regional economic inequalities (Vojković, 2003). The problem of demographic emptying of the analyzed devastated rural regions is particularly noticeable in the Municipalities of Medveđa and Kuršumlija. Table 3 shows that from 2011 to 2018, in the Municipality of Medveđa, the number of inhabitants per square kilometer dropped from 14.2 to 12.6. Thus, in 2018, the population density of the Municipality of Medveđa was seven times lower than the population density in the Republic of Serbia. On the other hand, from 2011 to 2018, in the Municipality of Kuršumlija, the number of inhabitants per square kilometer dropped from 20.1 to 18.4. Thus, in 2018, the population density of the Municipality of Kuršumlija was almost five times lower than the population density in the Republic of Serbia. As for the population density of the Municipality of Bujanovac, it has been 10% to 12% lower than the national average.

All three analyzed municipalities are coping with high unemployment rates. The unemployment rate has been the number of registered unemployed persons divided by the number of employed and registered unemployed persons. Table 3 shows that from 2011 to 2018 there was a positive trend in the alleviation of the unemployment problem both on the national level and on the level of the municipalities Kuršumlija and Medveđa. On the contrary, in the Minicipality of Bujanovac even higher unemployment rate has been recorded in 2018 than in 2011. Compared to the unemployment rate on the national level, the rate of unemployment of these three municipalities is twice as high as the unemployment rate in the Republic of Serbia. In 2018, the unemployment rate in the Republic of Serbia was 20.1%. In the same year, the unemployment rates in the Municipalities of Kuršumlija, Medveđa and Bujanovac were 36.9%, 45% and 44.1%, respectively. From the point of view of European Commission, such high unemployment rates, which could only be found in devastated regions, speak about the extent of the poverty of their inhabitants (European Commission, 2014). On the other hand, such high unemployment rate in devastated regions speaks about the abundance of the labor force conditional on the new job openings especially in the services sector.

Direct investments in spa tourism in devastated rural regions

The analysis of economic conditions in devastated areas of the Republic of Serbia has shown that their development is in an urgent need for new investments. Those devastated areas which are the seats of spa resorts should attract direct investments in the health and wellness tourism.

The issues concerning direct investments that would accelerate the country's economic development and reduce regional inequalities are regulated by the "Law on Investments" (*Official Gazette of the Republic of Serbia,* no. 89/2015, 95/2018). Article 2 of the Law on Investments stipulates that one of the main goals of encouraging direct investments has been to increase employment. The task of encouraging direct investments in order to increase employment is the responsibility of the State. According to Article 13 of the said Law, the policy instrument for accomplishing this macroeconomic policy goal is regional state aid to be granted to investors through various investment incentives. The system of regional state aid in the Republic of Serbia has been created in accordance with the European practices (Gnjatović & Stanišić, 2019).

The Law on Investments has introduced the institute of "investments of particular importance" for the Republic of Serbia. It has been explained that an investment of particular importance is "an investment whose implementation would significantly improve the competitiveness of an industry or sector in the Republic of Serbia or its balanced regional development". This explanation suits well the needs of investing in spa tourism in devastated areas of the Republic of Serbia.

In order to understand the specific needs for regional state aid of the spa resorts in devastated rural regions it is necessary to note that these resorts are still in the privatization process. The unfinished ownership transformation could be considered as an important obstacle for their successful functioning.

Namely, in the Municipality of Kuršumlija, the Spa Resorts of Lukovska banja and Prolom banja are operating while the Spa Resort of Kuršumlijska banja has been out of operation since 2006. The facilities of Lukovska banja and Prolom banja had been privatized in 1999 by implementing the privatization model of workers shareholding (Planinka, A.D., 2020). In 2019 only, the facilities of Kuršumlijska banja were privatized through the privatization model of capital selling (Property Directorat of the Republic of Serbia, 2020). The new owner has accepted the task of investing in the revitalization of this spa resort.

The Spa Resort of Sijarinska banja is operating (Banje u Srbiji, 2020), but its facilities are still in the property of the Republic of Serbia. The facilities of Sijarinska banja have been meant for privatization since 2008, but could not be privatized due to property claims of the Pension and Disability Insurance Fund of the Republic of Serbia (Gnjatović, 2018).

The Spa Resort of Bujanovačka banja, also in the property of the Republic of Serbia, is in financial trouble. Local authorities are trying to solve financial problems by privatization, advocating for the implementation of the model of private-public strategic partnership (Manić Stoilković, 2019).

By opting for a proactive approach to the development of health and wellness tourism in spa resorts, the authorities of the Republic of Serbia decided to offer investors the opportunity to invest in the development of spa tourism not only through the privatization of state-owned existing accommodation facilities, but also through the modernization and expansion of privately-owned ones and through the construction of new

hotels. In that respect, the "Regulation Establishing Criteria for the Allocation of Incentives to Attract Direct Investments" (*Official Gazette of the Republic of Serbia,* no. 18/2018) and the "Regulation Establishing Criteria for the Allocation of Incentives to Attract Direct Investments in the Sector of Services of Hotel Accommodation" (*Official Gazette of the Republic of Serbia,* no. 33/2019) have been adopted.These Regulations are aimed for direct investments in the construction of four-star and five-star hotels in these spa resorts. Old accommodation facilities could be modernized and extended with brownfield investments and new hotels could be built with greenfield investments.

According to the"Regulation Establishing Criteria for the Allocation of Incentives to Attract Direct Investments in the Sector of Services of Hotel Accommodation" (*Official Gazette of the Republic of Serbia,* no. 33/2019), to obtain the incentives, those interested in investing in spa resorts in the Republic of Serbia are obliged to create at least 70 new jobs and to keep new employees at least three to five years, depending on the enterprise size. The magnitude of the incentives the investors could obtain depends on the level of development of the LAU in which the investment project is to be realized. In accordance with the "Regulation on Establishing the Single List of the Level of Development of Regions and the Local Territorial Units" (*Official Gazette of the Republic of Serbia,* no. 104/2014*),* the level of development of each LAU is determined on the basis of the group to which it belongs.The largest sum of money from the incentives could be obtained in the case of investing in spa resorts in devastated regions. Namely, if the investment project is to be realized in the LAU classified in the first or the second group, the incentives would cover 20% or 25% of gross salaries of new employees, to the maximum of 3,000 euros or 4,000 euros per new worker, respectively. If the investment project is to be realized in the LAU classified in the third or fourth group, the incentives would cover 30% or 35% of gross salaries of new employees, to the maximum of 5,000 euros to 6,000 euros per new worker, respectively. And when it comes to the investments in devastated regions, the incentives would cover 40% of gross salaries of new employees, to the maximum of 7,000 eurosper new worker.

Considering the experience with granting the investment incentives since this form of the state aid has been introduced in economic system of the Republic of Serbia in 2006, the question arises as to what extent the investors would be motivated to invest in spa tourism in devastated regions. According to Filipović and Nikolić (2017), the investors who have used the incentives were more attracted by the level of development of certain

region than by the magnitude of the incentives. They were mostly attracted to invest in those areas in which the business environment has already been developed, primarily in those areas in which the necessary infrastructure has been already built.

In this respect, it is encouraging that after the adoption of "Regulation Establishing Criteria for the Allocation of Incentives to Attract Direct Investments in the Sector of Services of Hotel Accommodation" (*Official Gazette of the Republic of Serbia*, no. 33/2019), an investor signed an agreement to use incentives for "an investment of particular importance", to build a hotel in a spa resort located in the devastated municipality. By the agreement signed on September 3rd, 2019 with the Ministry of Economy, the investor, who decided to build the Bela Jela Hotel in the Spa Resort of Lukovska banja in Kuršumlija, was obliged to employ at least 70 new workers until the end of 2020 (Ministry of Economy, 2020).

Who will be the visitors of all these newly built facilities? As with other spas in Serbia, it will be mostly domestic tourists. On June 18, 2015, the Government of the Republic of Serbia adopted the "Regulation on the Conditions and Methods of Allocation and Use of Funds for Encouraging the Development of Domestic Tourism by Intensifying the Use of the Tourism Offer in the Republic of Serbia" (*Official Gazette of the Republic of Serbia*, no. 53/2015), which provides for the distribution of vouchers for subsidized use of tourist services in catering facilities in Serbia.In this way, economic policy makers have initiated additional tourism demand, which has largely focused on spas in Serbia. Although the standard of living and economic situation in the country would continue to be key to creating domestic tourism demand, as observed in Radović-Stojanović and Vasović (2016), this measure could significantly contribute to the growth of tourist visit. A part of the tourist demand would certainly be directed to the spa resorts in the Southern Serbia. According to the Ministry of Trade, Tourism and Telecommunications (2016), the most sought-after voucher vacation destinations are spa resorts, and there is a particular interest in the Spa Resorts of Prolom banja, Sijarinska banja and Lukovska banja.

Conclusion

The analysis of economic situation in the Municipalities of Kuršumlija, Medveđa and Bujanovac has pointed to the seriousness of the problems of depopulation and unemployment. Since the territory of these devastated municipalities is rich with natural healing factors and since in all of them

there are already spa resorts, it is possible to believe that health and wellness tourism could become the engines of their economic growth. Furthermore, it is important to point out that these three municipalities are situated in three districts: the ones of Toplica, Jablanica and Pčinja which are among the least developed ones in the Republic of Serbia. Thus, the development of health and wellness tourism in spa resorts located in three devastated municipalities could contribute to the overall revitalization of the Southern Serbia. With generous incentives for attracting direct investments in hotel construction in spa resorts, problems of depopulation and unemployment in the Municipalities of Kuršmlija, Medveđa and Bujanovac could be significantly alleviated. Moreover, the development of spa tourism in analyzed devastated municipalities could helpthe Districts of Toplica, Jablanica and Pčinja, which are today among the least developed ones, to gradually overcome economic backwardness.

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TOURISM AS AN OPPORTUNITY FOR REGIONAL ECONOMIC DEVELOPMENT OF THE PODUNAVSKI REGION

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Abstract

The subject of this research is the importance of tourism of the Podunavski region and tourism potential whose valorization will contribute to the development of regional economic growth as well as learning about existing potentials that are not being adequately harnessed. Negligence and underinvestment result in reduced economic profits. Non-investment and underdevelopment of certain types of tourism and non-improvement of existing events that would affirm this environment as an attractive tourist destination are some of the reasons for the stagnation of Podunavski region. Tourism in this region has development potential but they are unutilized. The promotion of various types of tourism will enable faster development of tourism in the sector resulting in an economic boost. A change in managerial awareness and comprehension of tourism, as a branch inextricably connected with other economic branches, would lead to a much more favorable economic climate for the overall progress of the region.

Key Words: *tourism, Podunavski region, economic development*
JEL classification: *R10, O10, Z32, K26*

Introduction

Tourism is a constantly evolving branch. People have a constant appetite for travel and a desire to take a break from their everyday obligations. If tourism potentials were to be valorized effectively with modern cognition, Podunavski region would also be contributed with comprehensive economic development. Podunavski region has a predisposition to place itself on a tourist map of Serbia - primarily the advantage of the Danube

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river, one of the greatest Serbian potentials offering multiple types of tourism, as well as Kiseljak spa that used to show outcomes several times higher about twenty years ago. Tourism investments may heal the region concentrated mainly on the industry, whose most important holders are primarily Železara in Smederevo, HK Goša in Smed. Palanka and military plant in Velika Plana. Podunavski region covers an area of 1,245 km^2 and has about 200,000 inhabitants. It is one of the most densely populated regions in Serbia, with agricultural land accounting for 80 percent. Serbian soil is characterized by favorable agro-ecological conditions for the cultivation of most vegetable species, as well as the proximity to the EU. The main economic feature of this production is the rapid turnover of capital, which makes it very interesting for small producers who still form the backbone of agricultural production in our country (Pavlović et al., 2014, p. 896).

Tourism has not been developed to the extent it can be, based on the resources the country possesses. The following section will outline the resource base for tourism development in Podunavski region. Natural resources are defined differently depending on the profession. For economists, natural resource is that which is capable of producing useful goods and favors for a man. If those goods and favors can meet tourism needs, then they represent the natural basis for tourism development. Podunavski region stretches along the southern periphery of the Pannonian basin and the north-eastern slopes of the Šumadija hills. It is bordered on the north by the Danube and on the east by the Velika Morava. For centuries a favorable location, natural wealth (fertile land, forests, water) and extensive connections of this area have attracted many nations to pass through or stay here. Smederevo, as the center of the region, is located only 45 km from Belgrade (Rudež & Drobnjak, 2019. p. 439). The extensive transport network enables traffic connection of the region by road, rail, and waterways. The Belgrade-Niš highway, which is connected to the eastern part of Serbia by the Morava Bridge, passes through the region. The region and the south of Serbia are connected with Vojvodina by the Danube Bridge near Smederevo. Railway connects the region with Belgrade and Southern Serbia via Mala Krsna. The Danube River offers a great opportunity for water traffic development, as it enables connection with Central Europe and the Black Sea (Podunavski administrative region, 2020). The most important hydrographic resources in Serbia are lakes, rivers, thermal mineral springs and wetlands (ditches and ponds) (Maksin, 2012, p. 116). The attractiveness of the tourist area depends largely on the presence of hydrographic factors. The territory of Podunavski region is rich

in water since it flows onto the Danube and the Velika Morava. The Danube is an international river so its significance for the region is major.

The importance of tourism for economic developement

Tourism is multiply interwoven with different connections. Agriculture, culture, transport, healthcare, trade, hospitality, crafts and a variety of other fields are significant for tourism. Not only does tourism connect these factors, but it also represents a link between different religions, geographical regions, nearer and further, as well as developed and underdeveloped ones. (Jovičić, 2002, p. 175). Tourism is a significant factor in driving overall economic development. Its growth tails the opportunity for other economical branches to prosper. A large number of tourism areas suitable for tourism promotion are of lower economic development and rely largely on agriculture and livestock breeding, Vegetable production is one of the most intensive branches of plant production, which is expressed by the amount of the harvest, the income generated, the revenue, the cost. Species diversity and plant species cultivation methods are typical for vegetable growing (Pavlović et al., 2014, p. 895). The appearance of tourism in such areas has a favorable effect on the development of the rest of the service and non-service industries, the production of specific goods for tourism purposes, investment construction, and the number of other areas as well. It performs an important economic function. Tourism activates a large number of both economic and non-economic agencies that are not marked for tourism by themselves, accelerates and stimulates their development, thereby increasing the overall national income. The whole process is of utter importance for the entire economy as tourist consumption is rapidly flowing from this area in particular to others. Tourism makes use of the natural goods that would not generate any economic gain otherwise. Many non-economical agencies are also activated; i. e. a culture with a wide variety of activities.

Regional economic development factors

An economy or economic system, unlike the environment, is a subsystem of the entire social system and represents a set of specified institutions and means for influence on achieving economic development goals (Rudež et al., 2015, 290). Creating state support for the development of regional economic entities is very important for the development of their economic environment meaning that the state gives general incentives for

development and that their realization is largely based on regional factors, such as local government and enterprises, other entities interested in local development and last but not the least, universities if any are located in the given environment. State-created strategies aim for developing the national economy. They also deliver wholesome support for local economic development. It is not unusual that regions have development opportunities and are competent in different ways, but those advantages remain unutilized. The main reasons for that are local factors indifference to own growth, ignorance, lack of personnel or lack of funding (Vojnović et al., 2009, p. 36).

The creation of a new concept of regionalization leads to the redistribution of responsibilities of republican and regional development institutions. Thus, the responsibility for higher-level development must be transferred to the lower-level entities of the local community (Glas, 2002, p. 103). When analyzing local economic development, it is important to use available data of significance to the local community and its economic development, such as regional location, current activities, location's infrastructure and its development, business culture, local leadership and personnel, natural potentials, community characteristics, and similar data. The local community should work on developing its business appeal, primarily by creating a stimulating business environment. Such a concept achieves new developmental opportunities due to the greater lure for investing in the local economy, while the development concept should consolidate all potentials available and put them into the function of development.

Decision-making at the macro level is based on the findings of the market position of the tourist factor necessary for decision making in the tourist complex management (Dulčić, 2001, p. 157). It is necessary to analyze market assessment, development trends, the position of the country or region, acquisition opportunities, characteristics of consumers, guests, why they decide to buy, etc. and to define the tourist market potential for the country as a whole or individual tourist region. In transition countries, regional development is of great importance. The financing of regions by the state is no longer possible because it is unacceptable from the market economy point of view. Budget limit is present, and a deficit of funds is a limiting element. Local and other inexperienced entities unaccustomed to holding responsibilities and making vital decisions found themselves caught by surprise. The same befalls major enterprises that have remained without market protectionism burdened with arrears and operating

expenses. A possible improvement measure would be the creation of adequate strategies for regional and local economic development for them to take responsibility for their own development. What is also one of the possible solutions is establishing regional agencies or similar institutions for taking jurisdiction over a field of development.

Podunavski region in the tourism development strategy of Serbia

On the territory of the Republic of Serbia, tourism is loaded with the concentration of tourist traffic during summer and winter. A more balanced flow of the tourist season is sought by innovating the tourist offer - by introducing new tourist commodities (Đenadić & Rudež, 2018, p. 645). The tourism development strategy of the Republic of Serbia includes the description of the existing situation in the tourism of the Republic of Serbia. It establishes the following tourist commodities that are particularly interesting for the Republic of Serbia: city break, round trips, business tourism, health tourism, mountains and lakes, navigation, events, rural tourism, special interests, etc. The Government of Serbia adopted a Tourism development strategy of Serbia in 2005. This strategy deals with the basic aspects of tourism development promotion. First of all, it defines the framework for the tourism sector authorities and divides Serbia into four clusters: Vojvodina, Belgrade, Southwestern Serbia, Southeastern Serbia (Ministry of Trade, Tourism and Telecommunications, 2006, p. 50). The development of Serbia as a tourist destination depends directly on the regional aspect of tourism development in Serbia. These regions would act as an initiator of Serbian tourism development where the positive effects of the realized tourist traffic in such regions would expand and open up the development space to the regions that nowadays have fair chances for rapid commercialization of their products. In that context, the first step implies the creation of competitive destinations (clusters), specifically creating competitive products in every single cluster (Unković, 2009, p. 95). Podunavski region partly belongs to the Belgrade cluster and one of the five key destinations of this cluster is Smederevo. Except for Smederevo, the key destinations of the cluster are Belgrade, Zemun, Đerdap - Lepenski Vir and Vinča..

A few years ago, the Ministry of Economy and Regional Development supported seven tourism clusters, including the Istar 21 cluster. The Istar 21 cluster is an association that aims to improve the cooperation and upgrade the development of tourism in Podunavski region, by examining markets, creating tourist products, educating tourist employees, promoting

and advertising tourism. This cluster covers the entire Danube river area in the country and aims to present the whole area as a unique tourist product. This cluster includes every municipality located on the Danube river, as well as entrepreneurial-catering companies, boaters, owners of accommodation facilities, manufacturers and souvenir shops, travel agencies and organizations, producers of wine, brandy, and other food products and all other entities whether they are part of the tourist economy or they supply it. Effects to be achieved through cluster activities are the identification of key elements of the tourist product, the shaping of local and regional product offerings according to European and world market, the acquisition, and sale of products at the cluster and local level, marketing activities improvement, building and development of a common information system, fund provision, education of personnel, increasing competitiveness by adding value throughout the chain, as well as the cooperation of members at all levels (Istar 21 Cluster association, 2009).
What is worth mentioning is the project "Datourway" (Regional Agency for Development of Small and Medium Enterprises Novi Sad, 2015). It is a transnational project of seventeen organizations from six countries on the Danube and Italy. The project and other EU projects related to Danube European region were the first stage of the building process of the Danube strategy. The Danube strategy focuses on Danube European region and its development. Apart from the Danube itself and therefore the city of Smederevo, the project states that Serbia has great potential for spa tourism on the river banks of Danube, and one of the sixteen spas is the Kiseljak Spa in the municipality of Smederevska Palanka. This municipality and the Ministry of Diaspora tried to attract investors with private and public sector partnerships via the project "Euroviculus". The project would connect the spa-forest complex – Kiseljak Spa, Mikulja forest and Kudreč lake. With the help of embassies of EU countries, typical forest houses with state flags in front were to be built inside the forest Mikulja complex. Although the project was finished in 2010 not a single thing about realization has been done to this day.

Types of tourism suitable for the development of Podunavski region

What general definition of planning indicates is that it is a process of determining appropriate future activities in the spectrum of multiple options, ie. possibilities (Jafari, 2000, p. 115). In tourism, planning comes in many different forms from individuals planning their vacation, across economic entities and certain destinations planning future strategies to

achieve certain developmental and business goals, to states planning a future tourist contribution to their economic and social growth.

River tourism

Podunavski region is very rich in rivers. The biggest and the most important river for this region's tourism is the Danube being the greatest river potential of Serbia. The Danube is one of the most important economic, urban, cultural and historical development factors of the Republic of Serbia. It is a crucial factor for efficient European collaboration and national and regional development. The river's potential affects intensification of agriculture through irrigation, development of industry related to low-cost water transport, port activities, seasonal recreation, and cultural tourism. Its river flow through Serbia is 580 km long. The depth of the river goes down 22 meters, not counting Đerdap lake, where its depth reaches 90 meters. The Danube dives as long as 18 meters near Smederevo (Municipality of Smederevo, 2010). This data shows the Danube's transport, and tourist potential. Numerous beaches are located on the Danube. Definitely worth mentioning is the Jugovo beach near Smederevo that can be vastly crowded in the summertime. The coast of the Danube near Smederevo is very diverse. A great number of distributaries and several river islands rest with their potential unutilized although they are ideal for different types of tourism and eco-tourism. Near lies the fortress of Smederevo - impressive when seen from the land, but not as impressive as when seen from the river. An absolute jewel for tourists. In the last few years, the Tourism Municipal Organization has been paying much more attention to this tourism potential, so that various manifestations, concerts, and other events take place in the fortress. The Danube is an ideal river for nautical tourism. This includes yachting, cruise ships with larger boats, regattas, rowing, sailing, moto-nautical sports. Apart from the Danube, the Velika Morava river flows through Podunavski region. It enters the municipality of Velika Plana giving this region the opportunity for river tourism with its beautiful nature and its winding stream.

Spa Tourism (Health Tourism) - Kiseljak Spa

In a lovely town of Smederevska Palanka positioned in Podunavski region, Palanački Kiseljak Spa is located. The first mention of the spa dates back to 1719, and it was a Turkish travel writer who mentioned it in his journal. The healing feature of the water of Palanački Kiseljak was confirmed in Vienna by the order of Miloš Obrenović in the year 1834. Back in 1851 Dr. Lindenmayer issued a publication about Palanački Kiseljak stating: "There was an old spring at Kiseljak known since old times. The spring was walled

but The Jasenica and some stream flooded it, therefore, a reconstruction was made and the spring was reduced to the form of a tap in the year of 1836. However, this divine God's gift almost found its devastation, since its water constantly spoilt so no one wanted to drink it anymore". The spring remained unattended until the year of 1851 (Lindenmayer, 1865, p. 35). There are two thermo-mineral water springs, one reaching 32 C^0 at the depth of 650 m, and the other as warm as 56 C^0 at the depth of 936 m. Healing waters of Palanački Kiseljak received acknowledgments already in the early thirties of the past century from London to Turin and their quality did not cease to impress to this day. Today's spa of Palanački Kiseljak was founded when the facilities for the use of mineral water for the therapeutic purpose were built in the place around the spring site, under the surveillance of medical experts, in the 1970s. The spa is located in the south-east outskirts of the town, on the left bank of the Jasenica river, along the road Smederevska Palanka – Velika Plana, about a 1km away from the town. The spa is in a park with a total area of 5 ha, while the larger tourist complex is about 17 ha (Tourist Association of the Municipality Smederevska Palanka, 1983, p.48).

Table 1: *The basic analysis of Palanački Kiseljak water in 1996*

Water temperature ºC	**47.1**	**Electro-conductivity (in S/cm)**	**8.25**
Air temperature	1.0	Mineralization (mg/l)	4.980
Colour (Pt-co scale)	6	Dry residue-180 oC (mg/L)	-
Muddiness (NTU)	2	Total hardness (dH)	-
pH	7.1	Total number of ions in alkaline earth metals (mg/L as Ca)	-
Eh (mV)	-	(mg/L as Ca)	-
rH	-	Consumption KMnO4 (mg/L)	9.31

Source: *The Institute for Rehabilitation, 1996*

The water of Palanački Kiseljak, which is of the so-called descendant type, originated from young geological as well as sedimentary formations derived from the former Pannonian Sea. At one specific place there is a shallow level – mineral potable water and at the depth of 930 m there is hot seawater. It has been scientifically proved that these waters are the remnants of the Pannonian Sea and that they were sweetened slightly because they had been mixing with other waters until they were closed by sediments. Today, Palanka has seawater. That is exactly the reason why tourism, in every aspect, can be developed here (Teofilović, 1993). The water is rich in Ca and Mg in an ideal ratio, and that is wealth which should be used in a better way, as the water is very competitive worldwide. The

mineral water of Palanački Kiseljak does not only have a unique ionic structure but it also has a range of elements in their mutual favorable biological ratio. The water with its biological characteristics is used in various therapeutic actions since it contains biological activators, which are the agents of all the functions in an organism. The unique ionic structure of the water and their mutual ions ratio, especially the one of cations and atoms' polymetallicity, enable an extremely high-quality basis for all synthetic roles and their possible action in the cells of certain organs (Novaković, 1984, p. 62).

Picture 1: *The spa in Kiseljak*

Source: *Spas in Serbia, Palanački Kiseljak spa, https://banjeusrbiji.com/wp-content/uploads/2013/05/palanacki-kiseljak-banja-u-srbiji.jpg (02 March 2020).*

The physical-chemical characteristics of the water, which enable the use both of cold and hot mineral water as an additional means in the treatment of certain illnesses, indicate the existence of natural conditions for the development of health-recreational tourism. The partial use of the water for filling the Olympic size pool hardly represents the real possibilities of its usage or its importance for the development of health-recreational and residence tourism. By completing the spa and transferring it from dispensary to infirmary way of offering services and by building an accommodation facility with installed hot water and organized health care it would be possible to form a rehabilitation center of great importance for the development of recreational-residence tourism in Smederevska Palanka.

All the above-listed shows that Palanački Kiseljak Spa has a long tradition and that its waters are of high quality. There is some interest on the part of the owner of the hotel for its renovation and upbuilding, but what is awaited for is an initiative of the Town Council to renovate the spa center for physical medicine and rehabilitation. Smederevska Palanka is a

municipality that used to be well-known for the industrial giant "Goša" not only in the country but worldwide as well. The industry having been ruined the town also got into a crisis and every year a way to keep the people employed has been looked for. The Town Council should turn to spa tourism because it is the only potential in the municipality along with agriculture, i.e fruit-growing. There are possible investors and with the help of the municipality authority and the state governing structures of Palanački Kiseljak Spa can regain its place from the time when tourists used to ask for an extra room in privately-owned houses, as the hotel was constantly overbooked. The vicinity of most important traffic arteries gives another pre-condition for the activation of the spa complex.

Advantages and disadvantages of the tourism development in Podunavski region

People consider how difficult it is to achieve particular goals. They investigate whether they can achieve these goals through their own actions, whether the contexts of their surrounding circumstances are mitigating or aggravating factors, as well as whether they will have the necessary resources or opportunities at their disposal (Pecujlija et al., 2015, p. 910).

A SWOT analysis was created to help companies to recognize a good business opportunity, but it can also be applied, and it is even desirable to do so, in the determination of a local economic development strategy. The SWOT analysis of regional tourism development has a task to ascertain competitive advantages and disadvantages. It gives an insight into the state of a region, its strengths, weaknesses, opportunities and threats – limitations.

According to the advantages and disadvantages managers can make rational decisions about further steps related to this tourist destination. A model of rational decision making is characterized by: complete familiarity with the problem that is to be decided, a clear definition of the goals to be achieved, availability of all the information needed for decision making and the possibility of finding the best solution (Brunsson, 2000, p. 46).

Podunavski region, which consists of three municipalities, can be regarded as a whole that needs economic development. Moreover, each municipality in the region has its own tourist organization and companies that deal with tourism and that are, directly or indirectly, connected with the tourism economy.

Table 2: *SWOT analysis Podunavski region*

STRENGTHS	**WEAKNESSES**
- climate and natural conditions for the development - the region borders on Belgrade – a big consumer center - the river Danube and Kiseljak Spa - three mineral water springs - the harbor of Smederevo - highway E-75 runs through the region - the main railway for the south of Europe and the Middle East, corridor 10 - an elaborate net of the roads connecting its municipalities with the neighboring municipalities and regions - natural conditions for agriculture development - there is a tradition in fruit-growing, viniculture and livestock breeding - two sports-business airports in Smederevo and Smederevska Palanka - an increasing number of projects on the development of different forms of tourism in municipalities - the renewed traffic infrastructure	- a high unemployment rate - a low purchasing power - experts' drain from the municipalities - insufficient cooperation between the local economy and local authority - insufficient marketing activities in representing the municipalities and the region - insufficient accommodation and catering capacity - unused potentials - an absence of adequate strategies - a complicated and costly procedure to get permission for the construction of marinas on the Danube - a decline of the importance of agriculture production and its share in tourism - a lack of knowledge and an inadequate level of awareness of nautical tourism promotion - an absence of a serious strategy for sustainable development
OPPORTUNITIES	**THREATS**
- to attract foreign investments in tourism - to simplify the procedure for getting permission for the construction of the marinas - the present capacity of Kiseljak Spa - greater cooperation among privately-owned, public and non-government sectors - to encourage direct connections between the development of the industry sector and the development of various forms of tourism - to begin the production in the factory for fruit and vegetable processing - possibilities for using the funds of Ministry, EU and individual donor programs for the realization of tourism projects	- young people and qualified working force leaving to other regions and abroad - the age structure of the citizens - slow development of entrepreneurship climate - a delay or insufficient usage of funds - the lack of motivation on the part of the local authorities to use available resources for tourism development - underestimation of the potentials of public-private partnership for the realization of big projects in tourism

Source: *The authors*

All of them have certain visions and goals. All these goals, visions and interests although different should be embedded into the interest of the development of the whole region. A vision of a tourist destination represents an inspiring image of the destination in the future time in the way the key interest group sees it (Popesku, 2011, p. 171). The question to be asked is how to agree with individual interests so that the final result should be the development of both the region and the factors being interested in. To embed all of this we need to take into consideration the interests of all organizations and their development plans, to coordinate them with the strategy of tourism development of Podunavski region, which must be based on a real basis, according to financial possibilities. The generators of the development should be municipalities' tourist organizations that should gather all important factors, agencies, companies supporting all the interests in the strategy of the region development. In the very beginning, the development strategy will identify all the interested participants. In the next phase, there will be an evaluation of the importance of all the participants in the fulfillment of the development strategy. Ranking based on the importance is done according to various criteria:

- whether a company is of regional or local character,
- a company's activities, whether it is a hotelier company, a tourist agency, or a traffic company.

There is a great number of criteria that have to be taken into consideration to get the clearest possible picture, to rank all the factors correctly according to their significance. The most important part is adopting the plan for the development of Podunavski region. Persons of integrity – experts must take part in making the plan. The strategic plan for the development being adopted, there is a selection of qualified personnel capable of implementing the assigned goals and to make the plan achievable it is necessary to obtain necessary investments. The strategic plan for the development being adopted, qualified personnel capable of implementing the assigned goals is selected but to make the plan achievable it is necessary to obtain necessary investments. The problem that can arise is the relation between privately-owned companies and those under the ownership of municipality and the transfer of decision-making rights. If state institutions, municipality organizations and privately-owned companies acted together, everybody would benefit, therefore there must be confidence between the private and public sectors so that the strategy can survive with a view of the observed region progress and correct planning about the tourist destination. To make planning more successful, as Kler Gunn (1993, p. 233) points out, certain misunderstandings should be eliminated.

The connection between the public and private sectors

Serbia has passed through a period of dramatic change during the previous fifteen years. However, this did not reflect fully on economic growth since the impact of the international financial crisis and numerous rounds of elections have slowed down necessary structural reforms in the country and led to a loose fiscal policy until 2014 (Pecujlija et al., 2017, p. 257).

A public-private partnership, as a cooperation between public and private sectors in the field of planning, production, offers, financing, management or payment of public works, can help to a great extent in the development of tourism in this region. There is a large number of interpretations of this concept, and most commonly it is referred to as a relation between public and private sectors in which risk is shared based on a mutual endeavor to get the desirable result of public policies (Popesku, 2011, p. 137).

The goal of both the public and private sectors is making some profit. In this type of partnership both sides share responsibility when it comes to success and failure as well. Each side brings what they possess. The example of "Moravski konak" near Velika Plana shows such a case. The owner bought out a brickyard and a few years later, on the land beside the factory situated by the river Morava, he raised a tourist building. He was doing business in both companies at the same time, but then stopped the production in the brick factory and turned to tourism. Naturally, in this case, we should point out that he had no support on the part of the local community, but financed everything out of his own income. This example shows all the attractiveness of tourism.

The problems manifesting in the conception of tourist development are not identical throughout the state, a tourist destination, tourist locality, or, even, a tourist company (Čerović, 2002, p. 157). When there are favorable conditions, there will be more interest in investing, which can be building hotels, restaurants and other ways of entertainment such as aqua-parks and others. For all this, we need an infrastructure, and Podunavski region, as already stated, is situated in the center of traffic routes, both road and river transport. Certainly, we should mention sports-business airports in Smederevo and Smederevska Palanka. Because of all this, a local community should particularly be active, as its active role in projects will attract the private sector. Special attention, of course, should be paid to preserving the cultural and historical heritage and environmental protection. The synergy of public and private sectors will lead to the development of the

local economy. The areas which are interesting for this aspect of cooperation are: infrastructure, financing, marketing, human capital and researches. In respect of marketing, there comes cooperation in defining and building the image of a tourist destination, its further promoting and accessing to the tourist market. Marketing is a social process through which individuals and groups obtain what they need (Kotler, 1984, p. 3). In the center of attention, there are human needs and demands that should be satisfied. In order to provide an efficient development under new conditions new forms of partnerships are more and more needed. A partnership is a multidimensional phenomenon in the strategy of local economic development. It is necessary to establish a partnership between public and private sectors, local communities, central and local authorities, strategic partners and others.

The lack of personnel in tourism

Going forward, Serbia's main challenge is to improve living standards in the country and transform economic recovery into jobs in a tight fiscal environment. Increasing exports, productivity, and competitiveness are recommended actions that can help propel the country's economic growth (Pecujlija et al., 2017, p. 257).

Modern society requires the personnel that, with their knowledge, are capable of responding to modern trends in tourism. The researches about literacy in this country are devastating. When we perceive this problem we can easily come to the conclusion that there is a lack of qualified personnel. The prosperity of tourism is not possible without educated workers. New time asks for new people. Service personnel must be particularly educated so that they can make an outgiving contact with a guest and give him complete and decent information, as a tourist is overloaded with information perfection that he can read on his computer screen. Certainly, a notion that "an innkeeper is a person who can offer you some soup, or that a manager of tourist organization is someone who produces lodging" (Krippendorf, 1986, p. 11) cannot even close be sustained. The personnel in tourism will have to possess a higher level of information literacy. The users of tourist services are more and more people of high information literacy and they know very well the possibilities of the use and help of information technology in all aspects of tourism. Every year there is an increase in the number of family hotels. The owners must constantly keep up with trends and continually educate all the members of their families. Local structures themselves have to help them with this, through seminars, visits to those regions where this type of tourism is especially developed.

The basis of a successful company is its managers. They are initiators, they lead and direct activities. People do not become managers by birth, they have to make themselves managers. The successfulness of a company depends on the engagement of the most skilled personnel in suitable jobs and workplaces. Years are needed to build a managerial team, but a short time to ruin it by bad managing (Drucker, 1974, p. 279). For the efficiency and successfulness of management it is essential to become familiar with the way of making most of the potentials of one's associates and executives and to integrate it all. In the process of work collective integration it is necessary to integrate individual creativity into a cohesion unity, to achieve group risk-taking, to recast an individual sense of responsibility into a group one (Adižes, 1999, p. 131).

The percentage of qualified workers employed in tourist organizations who should be initiators of tourism in Podunavski region is below 30 percent, which certainly is not enough. A typical example of the region is a tourist organization in Smederevska Palanka, in which three employees have a college degree in tourism, whereas the others have nothing to do with tourism. The awareness of those in control in municipalities should be changed and only the people having professional skills for dealing with tourism should get positions if we want this branch to take an ascending path and go along the road of faster development.

Conclusion

Tourism performs an important economic function. It activates both economic and non-economic fields initially not having any tourist labels. Tourism accelerates and stimulates their development, thereby increasing the overall national income which is of utter importance for the overall economy of the country as tourist expenditure rapidly flows from its sector to other areas of interest. Tourism activates even those natural assets that would not be profitable if they were not included in joint development. What tourist economy development implies is a need for new accommodation facilities, sports objects, entertainment facilities, traffic and infrastructure development and other objects for tourist needs. Tourism requires the personnel of various qualifications and profiles. In comparison with other industries where fewer workers are needed for a better product due to the new technologies, tourism functions quite the opposite - the more developed it is the more workforce is required. All aforementioned leads to the development of the country, of the region or the municipality and it is the main goal and conception of this work. The goals are not only economical but also socially-cultural, market-oriented

and others. Economical goals are aimed at optimizing the tourist share of economic development, full employment, regional economic development, and the increase of the balance of payments. With the development of river tourism in Smederevo and the development of spa complex Palanački Kiseljak with other tourist potentials engaged by these two crucial projects, Podunavski region would have a significant increase in economic growth which would certainly lead to a better standard of living for its population. The potentials of the region must be utilized using information gathered through the research of the area. All strategies from local, across regional, to state-level, are required for tourism of Podunavski okrug to flourish. Tourism development will raise the importance of the region, change the minds of people and their understanding of tourism as one of the major fields of economy. Based on the potential that the region has and the potential for tourism development, contribution to the overall economic development of Podunavski region is within hand's reach. Tourism provides great economic development but needs to be recognized as such by the entities that lead the region and the municipalities so their tourist potentials can be used.

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INDICATORS OF TOURISM DEVELOPMENT IN RURAL AREAS OF THE REPUBLIC OF SERBIA

Tanja Stanišić[1]; Sonja Milutinović[2]

Abstract

The important role that contemporary tourism plays in the development of receptive areas determines it as the generator of economic growth, employment and numerous positive socio-cultural changes. This role of tourism is especially important in rural areas, which usually face depopulation, low job opportunities, low diversification of economic activities and other economic and social problems. The Republic of Serbia, with predominantly rural structure of settlements, population and territory, has excellent basis for the development of rural tourism. The aim of the paper is to evaluate the achieved level of this development, by monitoring the available indicators of tourist traffic and quantitative data on available accommodation capacities in rural areas of the Republic of Serbia. The research results indicate a tendency of increase in tourist' arrivals, overnight stays and available accommodation capacities in rural areas of the Republic of Serbia, while the average length of stay of tourists remains almost unchanged during the observed period.

Key Words: *tourism, rural areas, Serbia*
JEL classification: *Z30, Z32*

Introduction

Numerous direct, indirect and multiplied economic effects of tourism have led the tourism industry to be considered as the most propulsive activity in contemporary conditions, with positive effects both on the overall development of the country and on the development of individual regions and local territorial units. Almost all countries in the world have accepted

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the fact that tourism is one of the primary economic activities, becoming aware of the importance of tourism for economic and social development, and strives to develop it (Stanišić & Milutinović, 2016; Milutinović & Vasović, 2017). In such circumstances, the growth of the tourism sector is one of the key factors relevant to the 'health' of national economies (Krstić et al., 2016).

In the context of more balanced economic development on a global scale and more balanced regional economic development within the national territories of countries, the role of tourism in the redistribution of national income is particularly important. Namely, affirmation of tourism in less developed regions and areas is a chance for a positive flow of income spillovers to them. As rural areas are usually areas with lower levels of economic activity and development, this role of tourism becomes even more important in them.

Different forms of tourism return visitors of rural areas to nature, roots, originality and basic living values. These can be covered by the common name of rural tourism, which is becoming wider concept globally (Stanišić, 2019). This type of tourism includes not only rural holidays but also all other tourist activities in rural areas. Therefore, "rural tourism represents an opportunity for the involvement of different segments of the local community to participate in the realization of tourism development in rural area" (Vujović et al., 2012, p.193).

The high natural, ecological and environmental values of the rural areas of Serbia are recognized to some extent and contribute to the affirmation of rural tourism. This development, of course, is still not in line with the potentials available, but some positive trends are visible. As the Statistical Office of the Republic does not record tourist traffic in villages and rural areas of Serbia severally, some conclusions about rural tourism development can be drawn by monitoring tourist traffic in "other resorts".

In order to assess the level and dynamics of tourism development in rural areas of the Republic of Serbia, the paper analyzes data on tourist traffic and available accommodation capacities in other resorts. The aim is to analyze the tendencies of tourism development in rural areas by analyzing the available data in time dynamics, and to conclude on the role and importance of rural areas in tourism of Serbia by comparative analysis of relevant indicators by types of tourist places.

Literature review

Tourism activity in rural areas in particular gained in intensity in the mid-second half of the twentieth century and assumed a key role in their development. However, tourism in rural areas is not a recent phenomenon. In most Western countries, rural tourism has long been present. In fact, written evidence exists since the 19th century about the increasing interest displayed by medium to higher classes in visiting rural zones (Perales, 2002, p.1102). The rapid urban development especially in the 20th century, further contributes to the affirmation of rural areas as desirable holiday destinations. In accordance with the demands of modern tourists for authenticity, personalized experience and natural environment, rural areas today are destinations with great tourist potential. On the other hand, these are usually areas with developmental problems.

Experience in rural tourism involves a combination of attractions, activities and accommodation experiences. "The rural areas have a unique opportunity to attract tourists by the means of establishing a connection between rural areas and their cultural, historic, ethnic and geographical roots" (Dimitrovski et al., 2012, p.289). The clustering of activities and attractions in less developed areas stimulates cooperation and partnerships between communities in local and neighbouring regions and serves as a vehicle for the stimulation of economic development through tourism (Briedenhann & Wickens, 2004, p.72). Attributes of rural tourism accommodation in contemporary conditions vary from attributes similar to those of a hotel, e.g. the level of luxury of the unit or a special view, to some that are unique to rural tourism. "Assuming that the rural accommodations market is in equilibrium during the tourist season, the visitors' willingness to pay depends on the attributes of the unit" (Fleischer & Tchetchik, 2005, p.495). It should be emphasized that experiences of tourists who engage with natural or rural places is not seen at a physical level only, but also at deeper, more spiritual ones. This dimension of rural tourism is gaining in importance.

Sharpley & Jepson (2011) explores the degree to which a deeper significance or meaning beyond the experience of "rurality" may be attached to participation in nature-based tourism activities in rural areas. Therefore, they explore whether tourists of a particular rural area are, in a conscious or some other way, motivated by or achieve spiritual meaning or fulfillment through their visits and highlight the need for and focus of further research into the subject.

When it comes to development problems, rural areas are usually burdened by declining population, declining levels of economic activity and low job opportunities. Detrimental effects of rural decline are visible at many levels – social, economic, environmental, cultural, etc. Therefore, they "have been forcing society in general and government in particular to recognize the development problem of less favored areas as being of central and decisive importance, not just in regional or even national terms, but above all for the sake of territorial equilibrium and the future of survival of society as a whole" (Ribeiro & Marques, 2002, p.211). Tourism can play a significant role in solving rural development problems.

Rural tourism is a form of tourism that has a number of specific features. According to Lane (1994), rural tourism should be: located in rural areas; functionally rural – built upon the rural world's special features of small-scale enterprise, open space, contact with nature and the natural world, heritage, traditional societies and traditional practices; rural in scale – both in terms of buildings and settlements – and, therefore, usually small-scale; traditional in character, growing slowly and organically, and connected with local families; it will often be very largely controlled locally and developed for the long term good of the area. Tourism can be an important rural development option. Dimitrovski et al. (2012) emphasize that it is easier to organize rural tourism than manufacture, for example, and that the benefits of rural tourism development are not only those measured in money, but also derived from creation of new jobs which add vitality to a traditionally poor economy and eliminate social isolation of these areas. In addition to job creation, the role of rural tourism in job retention is also important. Namely, rural tourism cash flows can assist job retention in services such as retailing, transport, hospitality and medical care. "Job retention is not as politically glamorous as job creation, but, by helping the viability of small communities, it is critical to the survival of marginal areas" (Kulva & Rani, 2017, p. 39).

Like other economic development strategies, rural tourism requires several components to be successful. Tourism development involves: attractions - the natural and manmade features both within and adjacent to a community; promotion - the marketing of a community and its tourism attractions to potential tourists; tourism infrastructure - access facilities (roads, airports, trains, and buses), water and power services, parking, signs, and recreation facilities; services - lodging, restaurants, and various retail businesses needed to take care of tourists' needs; hospitality - how tourists are treated by both community residents and employees in tourism businesses and

attractions and active role of entrepreneurs in fostering these components (Gunn, 1988; Wilson et al., 2001).

Tourism in rural areas is a very important factor, which can positively influence regional development. Tourism, however, must be supported and conditions for its positive development have to be created (Šimková, 2007, p.264). The need for support can be justified by market failures. In the case of rural tourism, it is not difficult to appreciate why the market may fail with respect to many small-scale operations. These often are located in remote areas, from a low capital base, and function with low-level skills and little experience. Despite the fact that they might be viable business concerns, from the credit institution's perspective, they are of the wrong size (too small), the wrong vintage (too new), and in the wrong location (too remote) (Fleischer & Felsenstein, 2000, p.1010). All this points to the conclusion that the active role and support of the state are necessary in the development of tourism in rural areas.

Rural tourism is a chance for sustainable tourism development. In the context of economic and social sustainability, what has been mentioned is the impact of rural tourism in providing additional financial sources and creating new job positions for local people. In addition, rural tourism is also a very positive and ecological form of tourism. "Unlike the uncontrolled, mass and purely commercial tourism, these leisure activities have a very low negative impact on the environment" (Šimková, 2007, p.265). Sustainable tourism is the only type of tourism that can offer authentic countryside lifestyle, where one can relax and enjoy nature and country lifestyle, residing not in artificial tourism theatre created for exploitation, but a real scenario, where life is realistic and nature can be preserved by both local inhabitants and hosts at the same time (Fons et al., 2011, p.557).

Similar to global trends, rural tourism can be Serbia's development opportunity. The Republic of Serbia has at its disposal all the necessary resources for the development of rural tourism. Rural areas make up 85% of the total territory of the country, or 3,904 of the 4,715 settlements are rural and over 50% of the total population lives in them. Comparative advantages necessary for valuing a destination on the domestic and foreign tourism market through the concept of sustainable development of rural tourism include natural values, preserved rural architecture, diverse catering facilities, traditional hospitality, rich historical and cultural heritage, as well as attractive ethnic characteristics (Cvijanović et al., 2017, p.99). Rural areas of the Republic of Serbia are characterized by diversity

of landscapes and biodiversity, rich cultural heritage and natural resources. On the other hand, they suffer the consequences of demographic emptying. This is the reason for their developmental lag, the presence of all forms of deprivation and growing poverty. Their economy is reduced to exploitation, depletion and further degradation of natural resources, based on agriculture and leaning industries, with low supply of quality jobs and modest opportunities for generating external income (Government of the Republic of Serbia, 2014).

Rural tourism as a development opportunity of the Republic of Serbia is increasingly the subject of research by domestic authors. Ristić et al. (2016) point to "the role of tourism in the integration of rural areas into the national and international economy based on the analysis of the relevant rural development model and in terms of more efficient endogenous development". Medojević et al. (2011) emphasize that rural tourism development in Serbia in the function of village revitalization enables rural population to gain certain benefits at the micro-economic level, such as follows: starting economic activities of the region, additional financing of rural households, creation of personal and cultural exchanges among the population, motivating population for the aim of shared activities and projects, or rising of population enthusiasm for taking part in beneficial activities concerning all. In this way, "affirmation of rural tourism as one of the most important elements of the mosaic of the tourist offer of Serbia, can also be a motive for the survival of the population in rural areas" (Vujović et al., 2012, p.193).

Ristić (2013) points out the necessary conditions that must be provided for the more successful development of rural tourism in the Republic of Serbia (p.238): "investing in rural and tourist infrastructure, adapting or building accommodation facilities in accordance with traditional architecture or similar to authentic rural objects from the past, attracting investments in rural areas, conducting education of staff in rural tourism, strengthening public-private partnerships in rural tourism, organizing events, selling specific products of a particular area, introducing additional attractive contents appropriate to the differentiated requirements of tourists (swimming pools, water sports, internet access, etc.), adapting the tourist offer to specific requirements of health, child, youth, family tourism and so-called tourism of the 'third age', the creation of a database of entities interested in engaging in rural tourism activities".

Methodological framework and information base of research

The aim of the paper is to assess the achieved level of tourism development in rural resorts of the Republic of Serbia. In accordance with the defined aim of research, the paper assumes that there are positive tendencies in tourism development in rural areas of the Republic of Serbia. Quantitative data on tourists' arrivals, overnight stays, average length of stay of tourists and accommodation facilities in rural areas of the Republic of Serbia in ten years period (2009-2018) are analyzed. The sources of data are publications of the Statistical Office of the Republic of Serbia.

Since 1981, the Statistical Office of the Republic of Serbia has applied the administrative criterion for determining the type of settlements, according to which settlements are divided into "urban" and "other". The division was made on the basis of an administrative decision of the local self-government unit to declare a particular settlement urban. All other settlements that have not been declared urban are classified as "other" (Government of the Republic of Serbia, 2014). Official statistics on "other settlements" by the definition of the Statistical Office of the Republic of Serbia is used in this paper for monitoring the indicators of tourist traffic and quantitative data on accommodation capacities in rural areas of the Republic of Serbia.

The analysis of data in time dynamics is conducted by calculating the chain indexes of tourist traffic, while the comparative analysis is used to evaluate the position of rural areas on the tourist market of the Republic of Serbia in relation to other tourist places.

Results and discussion

In order to evaluate tourists' interest in rural areas of the Republic of Serbia, Table 1 provides information on tourists’ arrivals in other resorts in the Republic of Serbia. Data on total arrivals and arrivals of domestic and foreign tourists in the period from 2009 to 2018 are analyzed separately. Besides, chain indices are calculated for each category. If total tourist' arrivals are observed, 85,585 arrivals were recorded in the initial year of the analyzed period. Over the next three years, total tourist arrivals showed a negative trend, or decrease from year to year, which was most pronounced in 2012. From 2012 to 2018, the total number of tourists in rural areas of Serbia continuously increased. It reached the level of 159,486 in the last

year of the analyzed period which is also the year when the highest value of the chain index of 121.3 was recorded.

Table 1: *Tourists' arrivals in other resorts in the Republic of Serbia (2009-2018)*

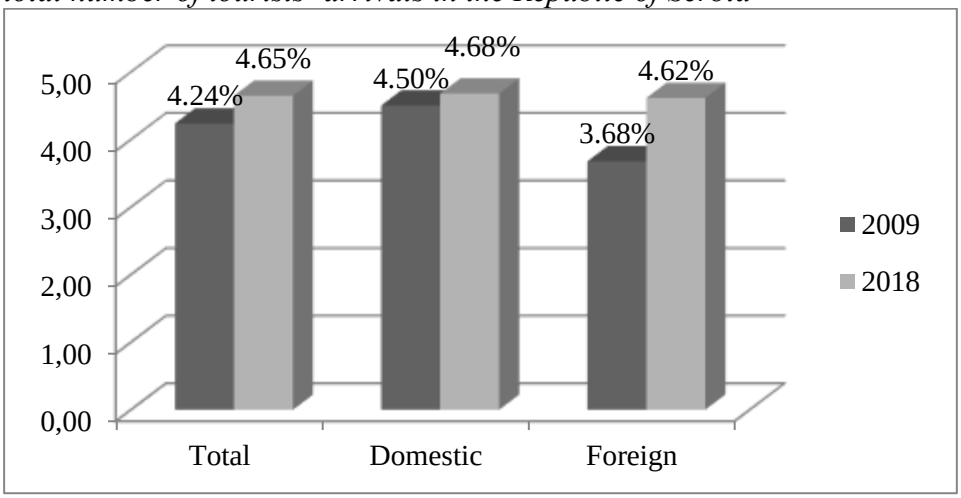
Year	Total		Domestic		Foreign	
	Number	**Index**	**Number**	**Index**	**Number**	**Index**
2009	85585	-	61852	-	23733	-
2010	81939	95.7	56291	91.0	25648	108.1
2011	81354	99.3	55750	99.0	25604	99.8
2012	75734	93.1	50175	90.0	25559	99.8
2013	88150	116.4	58805	117.2	29345	114.8
2014	93499	106.1	54953	93.4	38546	131.4
2015	101971	109.1	59530	108.3	42441	110.1
2016	113358	111.2	63085	106.0	50273	118.5
2017	131519	116.0	71009	112.6	60510	120.4
2018	159486	121.3	80516	113.4	*78970*	130.5

Source: *Authors, based on the Statistical Office of the Republic of Serbia, (2010-2019), Municipalities and Regions of the Republic of Serbia, Belgrade.*

Domestic tourists make the dominant category of tourists in the remaining resorts. However, the number of domestic tourists was decreasing until 2012 and in 2014 compared to the previous year. After that, it grew, but with less intensity relative to the foreign tourists. The increasing number of foreign tourists interested in visiting rural areas is encouraging. At the beginning of the analyzed period, foreign tourists made up about one-third of the total number of tourists, and they accounted for almost half in 2018, with favorable growth dynamics.

If the percentage of tourists arrivals in other resorts in the total number of tourists' arrivals in the Republic of Serbia in the beginning and last year of the analyzed period (Figure 1) is observed, positive tendencies could be noticed. Namely, the share of total, domestic and foreign tourists in other places in the structure of total tourists in the Republic of Serbia was increasing. The most significant growth was recorded when it comes to the arrivals of foreign tourists.

Figure 1: *Percentage share of the tourists' arrivals in other resorts in the total number of tourists' arrivals in the Republic of Serbia*



Source: *Authors, based on the Statistical Office of the Republic of Serbia, (2010 - 2019), Municipalities and Regions of the Republic of Serbia Belgrade*

Table 2 shows the data on movements of overnight stays in other resorts in the Republic of Serbia from 2009 to 2018.

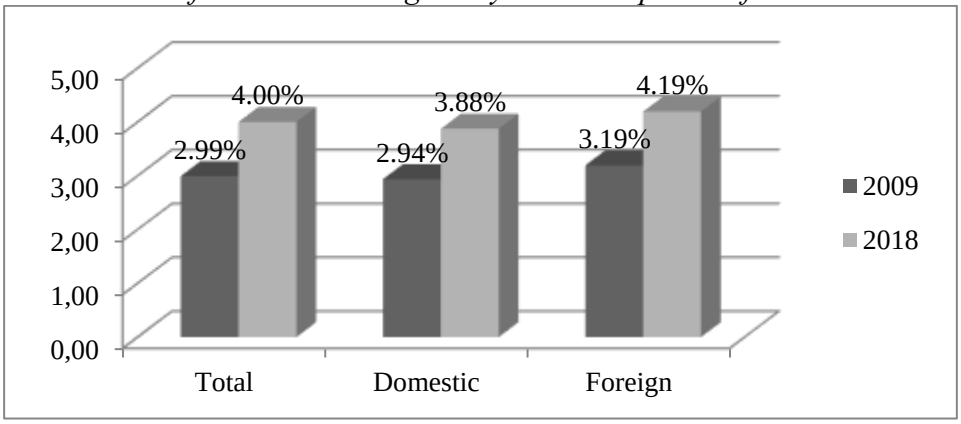
Table 2: *Overnight stays in other resorts in the Republic of Serbia (2009-2018)*

Year	Total		Domestic		Foreign	
	Number	Index	Number		Number	Index
2009	202383	-	155455		46928	-
2010	207563	102.6	159104	102.3	48459	103.3
2011	211034	101.7	163546	102.8	47488	98.0
2012	183234	86.8	132946	81.3	50288	105.9
2013	225634	123.1	162164	122.0	63470	126.2
2014	223220	98.9	137650	84.9	85570	134.8
2015	221990	99.4	139304	101.2	82686	96.6
2016	269663	121.5	170871	122.7	98792	119.5
2017	300980	111.6	182161	106.6	118819	120.3
2018	373552	124.1	220106	120.8	153446	129.1

Source: *Authors, based on the Statistical Office of the Republic of Serbia, (2010-2019), Municipalities and Regions of the Republic of Serbia, Belgrade.*

With the exception of a couple of years, when negative growth rates of all observed categories (total, domestic and foreign) in comparison with the previous year are recorded, the overnight stays in other resorts in the Republic of Serbia can be positively evaluated. As with the previous indicator analyzed, according to this indicator the most pronounced positive tendencies are recorded when it comes to overnight stays of foreign tourists. Specifically, at the beginning of the analyzed period, 46,928 overnight stays of foreign tourists were recorded, and, at the end of the analyzed period, this number was 153,446, with a relatively high growth index compared to the previous year. Figure 2 shows that the share of overnight stays in other resorts in the total number of tourists' overnight stays in the Republic of Serbia increased in 2018 compared to 2009. This increase was more intense than the growth of tourists' arrivals.

Figure 2: *Percentage share of the overnight stays in other resorts in the total number of tourists' overnight stays in the Republic of Serbia*



Source: *Authors, based on the Statistical Office of the Republic of Serbia, (2010 - 2019), Municipalities and Regions of the Republic of Serbia, Belgrade.*

The third indicator analyzed is the average length of stay of tourists in other resorts in the Republic of Serbia (Table 3). Unlike the positive tendencies observed in the previous two analyzed indicators, there is no significant change in the average length of stay of both domestic and foreign tourists in the observed period. The domestic tourists stay longer in other resorts compared to foreign tourists. The recorded average length of stay of domestic tourists in other places was 2.7 days in 2018, while the average length of stay of foreign tourists was 1.9 days in the same year.

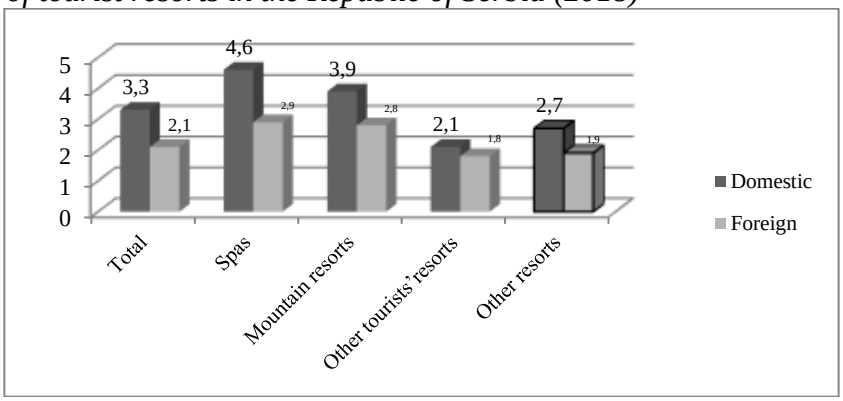
Table 3: *Average length of stay of tourists in other resorts in the Republic of Serbia (2009-2018)*

Year	Domestic	Foreign
2009	2.5	2.0
2010	2.8	1.9
2011	2.9	1.9
2012	2.6	2.0
2013	2.8	2.2
2014	2.5	2.2
2015	2.3	1.9
2016	2.7	2.0
2017	2.6	2.0
2018	2.7	1.9

Source: *Statistical Office of the Republic of Serbia, (2010-2019), Municipalities and Regions of the Republic of Serbia, Belgrade.*

Comparing the average length of stay of tourists in other resorts with the average length of stay of tourists in all other types of tourist places (Figure 3), it can be seen that other resorts are in disadvantage. Namely, the average length of tourist stay in other resorts is lower than the average length of tourist stay in the country as a whole, as well as in spas and mountain resorts. Other resorts have slightly higher average length of stay of tourists only than the average length of stay in other tourist' resorts (larger cities in the Republic of Serbia).

Figure 3: *Comparative overview of the average length of stay of tourists by type of tourist resorts in the Republic of Serbia (2018)*



Source: *Authors, based on the Statistical Office of the Republic of Serbia, (2010 - 2019), Municipalities and Regions of the Republic of Serbia, Belgrade.*

In debates on the problems and limitations of rural tourism development in Serbia, an important place always belongs to accommodation capacities. Rural tourism is a combination of many different aspects of experiencing, sharing and presenting rural life. These rural experiences can be defined in terms of rural activities and accommodation experiences. The combination of these forms creates the essence of rural tourism (Master Plan for Sustainable Development of Rural Tourism in Serbia, 2011, p.12). Although the above statement refers primarily to the qualitative characteristics of accommodation capacities in rural areas, their quantity is equally significant, as a starting point for harmonizing their qualitative characteristics with the requirements and needs of contemporary rural tourists (Stanisić, 2019). Table 4 shows the available accommodation capacities in other places in the Republic of Serbia from 2009 to 2017 (there are still no available data on accommodation facilities in other resorts for 2018).

Table 4: *Accommodation facilities in other resorts in the Republic of Serbia (2009-2018)*

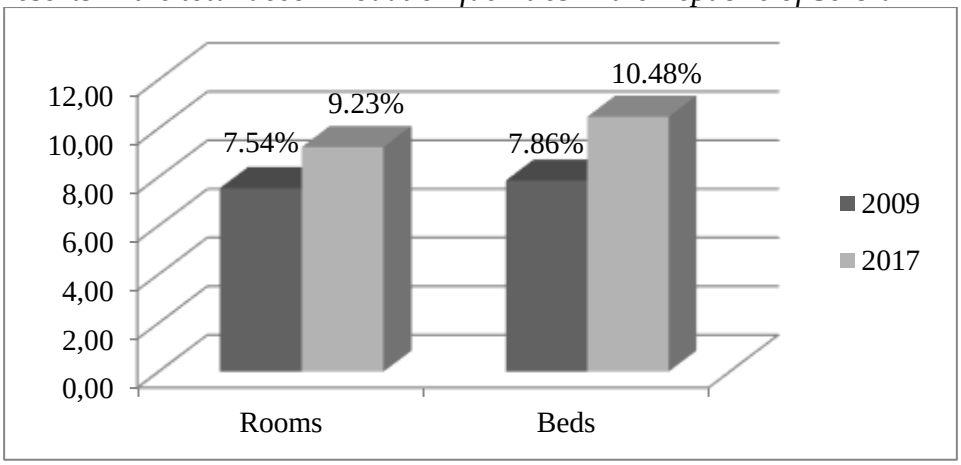
Year	Rooms	Beds
2009	3.422	8.868
2010	4.289	10.684
2011	4.351	10.765
2012	3.274	7.961
2013	4.290	13.015
2014	3.524	9.472
2015	4.055	10.453
2016	4.086	11.054
2017	4.133	11.111

Source: *Statistical Office of the Republic of Serbia, (2010-2018), Statistical Yearbook of the Republic of Serbia, Belgrade.*

A certain positive tendencies could also be noticed in the field of available accommodation facilities in other resorts. The largest number of available rooms in the Republic of Serbia was recorded in 2011. For the next few years, no regularity in the movement of the number of rooms was observed. However, the number of available rooms increased over the last three years of the observed period, but in 2018 still did not reach the level of 2011. Similar tendencies could be observed in the number of beds. The highest number was recorded in 2013. The numbers recorded in 2017 were

significantly higher than in 2009, but still they were below the level recorded in 2013.

Figure 4: *Percentage share of available accommodation facilities in other resorts in the total accommodation facilities in the Republic of Serbia*



Source: *Authors, based on the Statistical Office of the Republic of Serbia, (2010 - 2018), Statistical Yearbook of the Republic of Serbia, Belgrade.*

When it comes to the percentage of available accommodation facilities in other resorts in the total accommodation facilities in the Republic of Serbia (Figure 4), there were some positive developments and an increase in this share was recorded in 2017 compared to 2009.

Conclusion

The monitoring of the trends of selected indicators of tourist development in the rural areas of the Republic of Serbia (tourists' arrivals, overnight stays, average length of stay and accommodation facilities) indicates generally the positive tendencies recorded in the last ten years. Namely, tourists' arrivals and overnight stays recorded growing in absolute terms in all categories (total, domestic and foreign tourists). A positive tendency that should be emphasized is the intensive growth of arrivals and overnight stays of foreign tourists. The increase in the absolute terms was also recorded by the available accommodation capacities (number of rooms and number of beds). Furthermore, all three mentioned categories increase their share in total tourist traffic, or total capacities at the country level as a whole. The fourth analyzed indicator, average length of stay of tourist, did not change significantly during the observed period. It is therefore singled

out as one of the critical factors for the future development of tourism in rural areas. For longer stay of tourists, it is necessary to enrich the content of the stay and to continuously improve the rural tourist offer.

The development of rural tourism in rural areas of Serbia can have a number of positive consequences of economic and non-economic nature, which are reflected, among other things, in the growth of income of the local population, opening up employment opportunities and survival in rural areas, conservation of ethnic elements and traditional architecture, creating a market for placing agricultural and other products, and the overall revitalization of rural areas. However, the current development is being burdened by numerous limitations, and future should be planned according to different preferences and motives of modern tourists. The analysis conducted in this paper is based only on quantitative indicators of tourism development of rural areas, which can be singled out as a key limitation of research. For a comprehensive picture of rural development, besides quantitative indicators, it would be necessary to monitor the qualitative indicators of this development, the qualitative characteristics, desires and interests of tourists themselves, as well as the qualitative characteristics of tourist offer. This may be a direction for future research.

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TOURISTIFICATION AS ONE OF THE WAYS OF RURAL TOURISM DEVELOPMENT

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Abstract

The problem of tourism development is seen as a problem of choice, first of all goals, then actions that will be taken to achieve those goals and finally the instruments of action on the behavior of participants. Every social choice depends on the criteria of those social groups that are in a position to choose. The selection criteria are not static. Therefore, the tourism development strategy should be viewed as a method of selecting optimal development paths according to the given selection criteria - usefulness and efficiency. Because of that, it should always be borne in mind that the development strategy consists of procedures, methods and ways of realizing the established concept and the production orientations harmonized with it.

Key Words: *tourism, tourism development, tourism potentials*
JEL classification: *A1*

Introduction

Tourism, as an integral part of economic and overall social development, differs greatly from industry and manufacturing in general. These differences stem from the fact that productive activities generate development by producing new values, and tourism primarily encourages development by consuming those values. Modern economies are service economies, and the development constraints of developed economies spring from the sphere of consumption, not production. From these facts, tourism performs developmental functions. Also, it bases its development functions on the complex interdependence of tourism consumption and numerous manufacturing sectors. Therefore, tourism cannot be observed

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and managed by tourism, if it is conventionally defined as a certain branch, within the national classification of activities.

Economic development strategy as a framework for touristification

Regardless of the level of development, it is necessary for each country to define the goals of economic development, methods and instruments that would achieve the set goals, but also the time needed to achieve them. The more stable and organized the state, the easier it will be to achieve the goals. Of course, the effect of international circumstances, which have a significant impact in the era of general connections between countries, should not be ruled out. All these problems must be defined by the economic development strategy. There are many definitions of economic development strategy, but it can be deduced that it is a set of methods by which the basic development goals are achieved. It traces the basic directions of the desired economic flows in a country. The strategy should identify three elements: comparative advantages of the country which are the starting point of development (what is there or what can be created, and what other countries can do); basic strategic goals (what one wants to achieve or what one strives for) and the ways in which one can most easily reach strategic goals from comparative advantages (Aranđelović & Gligorijević, 2008).

In such business conditions that have ruled the world for some time, even in Serbia, the question arises whether it is possible to do and, more importantly, implement an authentic strategy of economic development. Authenticity here refers to those to whom this strategy will benefit, not to be imposed. In this sense, it is necessary that each country (large or small, developed or underdeveloped, capitalist or socialist) have a strategy of its economic development for at least a period of five to ten years. In this way, the comparative advantages of a country can be best used (geographical position, structure and qualification of human resources, volume of accumulation, entrepreneurial - innovative spirit, developed service sector, etc.). In the process of creating its own strategy of economic development, each country encounters certain limitations that can be: internal - the social system itself, the structure of society and the economy, etc. And external - positive or negative impulses that come from outside the borders of a particular country (Aranđelović & Gligorijević, 2008).

A very important moment in the conception of economic development is time, which at the same time means that it is a necessary element in formulating the content of the strategy itself. Taking a reasonable time interval helps to overcome existing development constraints in the best possible way. Because of that, the extension of the time horizon diminishes the precision and detail in the study and monitoring of key development issues. The time period for which the strategy is conceived is determined on the basis of key macroeconomic goals that can and must be precisely timed. So, the strategy is to turn certain choices in economic development into time-dimensioned actions. It should be said that once adopted, the strategy is not a dogma and represents a dynamic category (Gligorijević, 2008). This is because it contains elements that are flexible and very changeable and it is a document that contains several possible alternatives in order to reach the basic strategic goals. These alternatives are also called development scenarios. A strategy usually has two scenarios. One that has more optimism in it which means that strategic goals can be reached with a minimum of limitations. Therefore, a higher level of quality of economic growth and development is expected. In the pessimistic scenario, the situation is reversed.

The fact that the strategy of economic development is a document of first-class importance is supported by the fact that it is decided by the highest state bodies. The adopted strategy in the parliament becomes an official document of the highest rank, the implementation of which begins immediately. Thus, the state holds in its hands the formulation and implementation of the development strategy, as well as the monitoring mechanisms for the control of the realization of certain tasks contained in the adopted strategy.

Thus, the national strategy of economic development of Serbia is a development document that consistently defines the basic development priorities of the country (Stefanović, 2017). The main points of reference from which it starts, some of which may be valid even after this time interval are: numerous material and systemic limitations in the economy; there must be strong state institutions and the rule of law; raising the competitiveness of the economy; implement and complete the privatization process in an optimal way; more efficient operation of market economy institutions; respect for knowledge as a long-term competitive advantage, etc.

This shows that the key or basic strategic goal of Serbia is the dynamic and sustainable development and increase of the living standard of the population. This basic strategic goal can be achieved through a series of specific or partial goals. The most important are: dynamic economic growth, stable and efficient market system, reduction of unemployment, completed transition process, increase of competitiveness, increase and restructuring of exports, higher efficiency of human resources, etc (Vujić, 2004). And in order to achieve this in an optimal way, certain actions must be carried out, and since they are mostly carried out by the state, then they are called policies. At the same time, three policies are fundamental: monetary, fiscal and income policy. All these efforts should lead to faster adjustment to European standards of business and integration into the European Union, which is one of the key strategic goals of Serbia.

Touristification strategy

The management of companies, industries and the entire national economy implies optimal development solutions called strategies. They can be developed at all management levels, and can be focused on the use of certain potentials (finance, human resources, natural resources, etc.), but also on the development of certain areas (mountains, spas, etc.) or activities (tourism, agriculture, education, etc.). In that sense, it is very difficult to talk about the management of a tourist complex without the existence of a tourism development strategy, since it is complex by itself, and necessarily corresponds to other activities. The Tourism Development Strategy valorizes: national and international environment of importance for tourism; ways and means to achieve efficient use of resources; instruments for the realization of the set goals which would make the management of the tourist complex more successful, and the possibilities of tourism to contribute to the overall development (Stefanović & Azemović, 2012).

Therefore, the tourism management strategy is defined as a program or set of coherent actions aimed at adapting the tourist complex to environmental conditions and criteria for efficient use of development resources, with the aim that tourism development makes an optimal contribution to national development goals (Stefanović & Azemović, 2012). The strategy is achieved by taking appropriate actions, ie. certain tactics. In this case, the concept of tourism development and the behavior of actors in the environment are crucial. The assumptions of a strategic approach to tourism development are based on a professional and scientific basis which

provides answers about the factors of influence and limitations, the behavior of development actors and the laws of functioning of the tourist complex **(**Medojevic & Punisic, 2011**).**

It can be concluded that the strategy of tourism development is not projecting the future, but examining the possibilities and evaluating the selection criteria of those who make development decisions. Choice, in itself, necessarily generates some social conflicts and causes other consequences. Therefore, a strategic approach to tourism development means measuring, managing and evaluating the results (consequences) of different choices. The development of a tourism development strategy takes place through several interrelated and conditioned phases.

The first phase. Before starting to define the strategy, it is necessary to know the concept of development in general, but also tourism in particular. This means that it is necessary to know the behavior of all actors in the development process, as well as the functioning of the economic system, i.e. defining the assumptions that are used in shaping the strategy of tourism development.

Second phase. Based on the knowledge about the behavior of development actors and the defined initial state, an analysis of the impact of all relevant entities and actions on the development process is performed. On this occasion, the possible consequences of different development scenarios for achieving the strategic goals of tourism should also be considered.

The third phase of the development of the tourism development strategy contains a number of goals that can be realistically achieved, as well as instruments and paths that lead to the optimal realization of the strategy. Of course, the issue of selection criteria should be especially relevant here.

The tourism development strategy, although adopted and drafted as a document that directs the development of a specific area, is only one of the strategies developed to manage the entire social system (Jovičić, 2002). That is why it must fully correspond to the goals of social and economic development. Because of that, the tourism development strategy is a guiding document, both for economic entities and for development policy. There is not a single area of economic and general social life whose development cannot be directly or indirectly linked to the development of tourism. This is a special challenge in defining a national tourism development strategy. Of course, it should always be borne in mind that the

strategy is not a management document of formal content and structure, but a document in which the intentions of the appropriate management structure are synthesized and confronted with the objective possibilities and laws of social and economic development.

The goals that have a general significance in the tourism development strategy set the basic principles and framework in which the development of tourism will be directed. In that sense, the tourism development strategy should set the following general goals: growth of the social product through economic efficiency (qualitative sources of growth) and through additional engagement of factors (quantitative sources) in activities that produce tourist services, and valorization and preservation of natural and development resources.

These goals in the tourism development strategy have a general character, because they are set at the level of the national economic structure and are aimed at raising the efficiency of the economic process, regardless of where the development takes place. Therefore, the tourism development strategy sets goals and takes actions aimed at changing certain economic categories such as: production, investments, personal consumption and its structure, balance of payments, employment, etc. This changes not only economic categories, but also the relations and connections between them. The tourism development strategy does not elaborate the instruments of development policy, but investigates the relations between individual instruments and economic categories (Milisavljević, 2003). Because of this, the task of strategy as a management instrument is to find the most efficient ways, but also the means to the desired goal. In other words, development policy uses many different instruments, so the strategy determines which of the individual types of instruments can best encourage actions with which strategic goals are effectively achieved. These instruments can be analyzed at three levels.

First level. Instruments of institutional significance are those that shape relations between categories such as ownership relations, value system, management system, market and other institutions and their impact on development, general business conditions, etc.

Second level. Instruments for using the resource basis of development in the broadest sense of the word, which include instruments for the allocation of production factors, instruments for direct control and protection, etc. These instruments operate in accordance with the principle of rational use

of resources, which in tourism practice is measured by the relationship between the use of development resources and the achieved development goals. From the resource-goal relationship, the measures of efficiency of resource use, and thus the efficiency of achieving development goals, are derived in the economic analysis. Efficiency of development is achieved when the set goals are achieved with the least amount of resources, and the efficiency of development is achieved by achieving the goal itself, regardless of the victims.

Third level. Instruments of action to achieve the functions of the goal of the subjects of consumption and production of tourist services and they have the importance of management parameters. Therefore, they act on the subjects of consumption in order to force them to the optimal combination of factors of production, which leads to the formation of the category of costs, income, accumulation, financing of development and the like. But, at the same time, they act on the subjects of consumption (tourists), shaping their functions of personal and tourist consumption.

Finally, for a strategy to be an instrument of tourism management, it must answer several key development questions, such as: which assumptions are made by those who want to define strategic changes (government, line ministry, specialized agencies, etc.); the need for development policy makers to have not only a precise assessment of the initial situation, but also a vision of development based on the concept of tourism development; the goals of change must reflect the interests of both the creators and implementers of the strategy, and the paths of development show how the set goals will be reached (Stefanović & Azemović, 2011).

Choice of touristification strategy

The tourism development strategy should be observed as a method of choosing optimal development paths towards given selection criteria - usefulness and efficiency (Dragulanescu & Drutu, 2012). The success of a tourism development strategy depends on knowing the criteria by which development actors make a choice of actions. And the behavior of economic entities, development priorities and expected development effects undoubtedly have the strongest influence on the formation of selection criteria. Economic entities that influence the formation of criteria are: producers of tourist services and goods; visitors or consumers of tourist

services; the state and its institutions at different levels of interest, and the population (Milenković, 1999).

Factors influencing the strategy selection criteria related to development priorities are a direct consequence of each country being able to compete best in the international division of labor. Precisely because of that, many countries give priority to the tourism economy within the framework of development policy. Thus, they usually expect alleviation of the problems of employment, exports, development of less developed areas, etc. Factors that shape the criteria for choosing the strategy come down to a common concept - the expected development effects. (Vuković, 2006).

Tourist resources are not spent in the process of producing a tourist product, but are being developed. A tourist product becomes commercially ready only with the participation of two or more companies. In that way, strategic management of tourist resources gives results at the national, regional, local, but also international level. Regardless of the level of strategic management, it must relate to three segments, which are: basic costs of tourist resources; environmental costs incurred by other, but also tourism companies themselves and must not exceed 5% of the total investment of tourism companies or 1.4 - 1.8% share in national income if it is a national strategy, and the costs of external economy are the result of inadequate use of tourist resources (Stefanović & Azemović, 2012).

Strategic management in tourism should, above all, unite the process of planning tourist resources, as well as make decisions on their use. Of course, it is assumed that only it can establish optimal organization and control over the execution of set goals. At the same time, the strategic management of tourist resources should start from the condition of resources, and from the condition of tourist companies' funds as well (Ceken, 2014).

Strategic management of tourism resources must fit the tourism product of each country in all the requirements of the domestic and especially foreign tourism market (Vujić, 2004). In doing so, there must be adequate use, development and preservation of all relevant resource elements, both in total and for individual tourist destinations. Therefore, strategic management synchronization at all spatial and organizational levels must be taken into account. And that requires educated and managerial and executive human potential. It must always be borne in mind that strategic management of tourism resources implies modern management

knowledge, skills and modern decision-making technology. It is a very complex activity composed of several sub-activities such as: forecasting - the process of making various forecasts about future development; diagnostics - current condition picture; the process of making a plan as a central link of strategic management, and making or choosing strategic decisions **(**Schwaninger**,** 2010).

The formulation of a strategy for the management of tourist resources is possible by applying the product portfolio model and has the following phases: analysis of market attractiveness; analysis of relevant competitive advantages; analysis of the company's current portfolio; setting strategic goals; development of alternative strategies for achieving goals; evaluation of strategies and decision analysis, and formulation of strategic target portfolios, selection of strategies and resource allocation.

Both strategic thinking and strategic planning are important for the strategic management of tourism resources. The purpose of strategic thinking is to discover new strategies that will redefine the rules of the competitive game and see the future significantly differently from the present. The purpose of strategic planning is to operationalize strategies created by strategic thinking. What is the natural basis of tourism development? This question will be answered differently by geographers, economists, sociologists, spatial planners or some other profession. For economists, a natural resource is what is able to produce useful goods and services for a person. If these goods or services can meet the needs of tourism then these resources represent the natural basis of tourism development. The use of resources depends on the production conditions and the ability of the economy to be able to use it, and not on its physical properties. This means that natural resources are a factor of production and have their own cost of use. However, the usual division of natural resources is into: public and private goods. Public goods are those that serve the entire community, they are indivisible and directed towards each individual, regardless of whether they want to buy and use them. Many services of state institutions have the significance of public goods. Private goods refer to an individual, and the benefits and harms of goods or services are always related to a specific natural or legal person. For the analysis of the natural resources function in the process of the tourism development, a division that emphasizes their economic contribution in the production process and formation of the tourist services value is more appropriate (Keane, 2014).

Each of the groups of natural resources participates in a specific way in defining the comprehensive concept of the natural tourist factor. Some goods participate as free natural goods, because their supply is not limited, so they can satisfy any demand. Others, on the other hand, participate as limited natural goods that are offered to the development process in limited quantities, so the increase in demand for such goods increases their price. There is also a difference in the way in which natural goods reflect the external influences of different production resources. Free natural resources are the most important for tourism development. The crucial importance of entrepreneurship has been noticed by many authors. The essence of entrepreneurial behavior is the ability to combine all the influences (factors) on development, i.e. to achieve maximum performance, whether it is production or services. The key question, both theoretical and practical, is how to determine the amount of entrepreneurial input and measure its contribution to a product or growth. So, the entrepreneur is the one who decides on how to direct capital, i.e. what to produce, what technology, i.e. in what company, at what location, how to manage the company and how to finance the investment. It is all a combination of production factors (Stefanović & Azemović, 2011).

Entrepreneurship cannot be quantified and valued, nor can it be bought or borrowed. It, therefore, shapes the most productive combinations of other factors. The entrepreneur decides, chooses according to the economic as well as their own selection criteria, respecting the fact that there is no homogeneity of production factors (Stefanović & Azemović, 2011). In doing so, the point is to engage factors whose price is lower than their productivity. Only in that case is it possible to realize an income that is above the price, i.e. costs, which is the contribution of entrepreneurship. Innovative work creates new technology, improves the properties of products and services, creates a new organization, management and control systems, finds new market opportunities for both new and existing products and the like. In a word, it opens up new possibilities for development. If a favorable innovative climate is created in the company, it is possible that all employees, to a greater or lesser extent, participate in innovative work. Most often, innovative work is reflected in the form of new, more productive technology, in better organization and management, more efficient market research. The state is also an active participant in efficient entrepreneurship, so it must pursue macroeconomic policy which encourage entrepreneurs to make long-term investments (Knowd, 2013).

Tourism economy - the essence of touristification

Modern economies are economies of service, and the developmental constraints of strong economies come from the sphere of consumption, not production (Pesonen & Komppula, 2012). With a sufficient fund of free time, a certain level of quality of life and material resources, people are motivated to travel. The moment when they decide where and in what way they will travel, it is necessary to have the means to travel and the facilities where they will stay when they arrive at the tourist destination of their travel destination. It is not enough to provide them with only a place for accommodation and food, but they need much more, that is: entertainment facilities, services, security services, etc. The operator (immediate executor) who sees things in the short run believes that the business starts when the customer enters the front door. The manager realizes that there is a huge world in front of the front door called travel and tourism, which provides the scope of work that someone is interested in. By understanding what travel and tourism require on the part of the one who runs the business and who relies on the visitor to be in a better position, they take a role in advance in securing that after for themselves (Stefanović & Azemović, 2012).

International tourist connections are an integral part of the general process of internationalization of world economic connections. In the conditions of scientific and technical revolution, continuation of development of international economic integration, further deepening of international division of labor, growth of cultural, scientific, sports and other interstate contacts, aspiration of people for contacts using experience of other countries in creation of material and other values, finds its reflection in strengthening travel. Therefore, in recent years, the tourist economy has been developing steadily in many countries, which has a huge material base and which provides employment for millions of people and which interacts with almost all industries.

Tourist economy that realizes the production of services in tourism - it is an economic complex that includes passenger transport (air, water, land and rail) with its extensive network of technical services, as well as a wide range of services that tourists need during their trip. In order for the tourist activity of people to bring economic results at three different levels: global (national level or the country as a whole), framework (regional level) and

functional (local or tourist place, locality, a complex), the following services should be incorporated into the tourist activity:

Accommodation of tourists (hotels, motels, campsites, boarding houses, sanatoriums, tourist bases). Tourists can be accommodated in private apartments, houses rented from the local population, tents, houses - trailers, on boats, trains, yachts, etc .; Food supply services for tourists (restaurants, cafes - restaurants, vending machines, cafes, bars, taverns, etc.); Relocation services for tourists in the country they visit and in other countries by different types of passenger transport (trains, ships, sea and river charter lines, buses). The development of transport has made it much more accessible for tourists to travel to distant destinations, both in terms of forms of funds and time. The choice of means of transport depends on the geographical position of the country being visited, its distance from the country of exit and is conditioned by the social position of the tourists. The role of advertising in the sphere of tourism is very large, although it shows a direct impact on the character and dimensions of demand. It is advertising that determines the level of information of the population about the market offer and tourist resources of this or that territory. The problem of increasing the influence of tourist advertising is one of the current contemporary problems in the whole world. Services for meeting the cultural needs of tourists (visits to theaters, cinemas, museums, galleries), tours of attractive natural and historical sites, and visits to sports competitions and other institutions that present various sights and cultural values; services for satisfying business and scientific interests of tourists (participation in congresses, scientific conferences, symposia, conferences, seminars, fairs and exhibitions); services of trade companies, both general and special purposes (sale of souvenirs, postcards, slides, etc.); services of control-administrative bodies (border, currency, quarantine, police services, as well as bodies that provide document formulation services - passports, visas, etc.); media services (newspapers, magazines, literary publications); services of state tourist authorities, etc. (Stefanović, 2017).

When assessing the development of the tourist economy, the following is important: first, determining and identifying the ownership relationship at the disposal and use of tourist resources, the impact of the public, private and mixed sectors on its development; second, the systematization of the model of development and growth on the basis of collected and purified information, in order to achieve the optimal relationship between the existing and desired level of development of the tourism industry; third, identification, systematization and ranking of relevant information on the

economic possibilities of efficient use of tourist resources, in order to optimally achieve all the tasks of the planned tourism development; fourth, the distribution of the basic elements of tourism development by spatial units, which are most suitable for the development and deployment of the tourism economy, should be so arranged and verified in order to achieve integrated tourism development throughout the national territory; fifth, determining the basic principles of tourism development and their effect on the use of all available tourist resources; sixth, the creation of such a concept of tourism development that must include elements of progressive growth (Stefanović & Azemović, 2011).

The development of a large-scale tourism project includes the private and state (public) sectors. Public sector coverage is important for two reasons. First, due to the discrepancy between the amount of required investments and the expected income, it is unlikely that the main projects will be able, initially, to finance themselves in the private sector and second, the profits made in tourism cannot cover the volume of public sector investment. The public sector is most often involved in drafting the master plan, providing land, marketing the development project to potential stakeholders, developing and determining the infrastructure, and monitoring the development of the private sector. The private sector conducts analyzes of the economic possibilities of specific projects and plans, builds and cooperates with projects that are assessed as financially favorable. The development process begins with the analysis of the potential market, planning and consideration of socio - economic and legislative conditions of business. Areas ready for development are selected first. Basic principles, goals and standards are developed and prepared for the master plans of the whole area. The impact of the environment is assessed together with the overall development costs. From the above, a preliminary assessment of economic opportunities can be made. If the project is favorably evaluated, a multi-annual plan is prepared based on detailed financial and economic analyzes. Marketing and administrative plans are prepared to help selected projects. One of the initial preconditions for the optimal development of tourism is considered to be a good and long-term analysis of the existing and potential market for the placement of tourist resources. The purpose of market analysis is to provide an assessment of long-term tourist flows to the destination. This is done by examining the tourist resources of the area, which is compared with specific areas of existing and potential tourist requirements.

Trends in the growth and development of tourism also condition the new philosophy of future treatment of tourism. Different trends and new forms of tourist demand were the reason that tourism was viewed as: an industry resource, i.e. the adaptation of available natural and anthropogenic resource values needs of growing demand for preserved spaces. This is how the concept of social value and economic price of these activities was created, which are very high in developed tourist countries. This opens the need for new, cheaper, tourist unexplored resources, which will achieve a higher price faster through valorization in tourism, than if they were used for other industries. The tourism industry, as the highest degree of economic valorization of tourism, is based on knowledge, creativity, desires and adequate opportunities to meet three basic goals of growth and development of tourism: global or the goal of a country's national economy is to make tourism one of the leading economic activities and its development with the inflow of foreign funds and the factor of balancing commodity-cash flows in general; the second goal assumes the tourist development of certain areas with the most complex structure of tourist resources, as well as their rapid transition from undeveloped to developed, and finally, the third goal is to move the local population of small rounded units to their reorientation from unprofitable activities to profitable services (Stefanović & Azemović, 2012).

A new way of distributing working time, which is increasing with the increasing progress of technique and technology, conditions the multi-purpose creation of tourist demand. Thus, free time can be used for tourist trips for rest, entertainment, acquisition of knowledge and prestige. On the other hand, the same free time can be a segment of business tourism, which brings double profits - both to tourists and those who serve them. Finally, free time can be used as a direct tourist activity in additional tourist activities. Structural changes in tourism are a complex process that requires knowledge of all inputs of tourism development. However, in the tourism literature there are considerations about the different consequences of unplanned growth. These consequences have been addressed through the characteristics of different groups of tourist consumers. The allocentric group is viewed in this way as they affect the growth and development of tourism. They believe that every tourist destination has one life cycle curve, along which they go through the process of appearing in different market segments. Allocentrics are confident, frequent passengers, who prefer to fly. They also prefer destinations that are uncrowded and where they are looking for experiences that are unusual. They are more interested in

meeting people and exploring new cultures. They are similar to innovative people, who are the first to buy a new product, precisely because it is new.

The group of mediocentrics, or those with optimal requirements for tourist destinations, is practically the most developed tourist group and with the most constructed consumer mentality. Allocentrics are moving to discover new destinations. Those who come after them show the characteristics of mediocentrics. However, there are more and more mediocentrics in the population that are close to allocentrics. Most Europeans fall into this category. From the point of view of this group, the tourist destination goes through several phases, which is known in marketing as the "production cycle curve". This means that each market-oriented tourist place has its own period of growth and development. In this way, destinations must, from the beginning of the penetration of tourism, take into account possible destructive movements. The next group of potential tourists consists of the so-called psychocentrics with erratic and insecure desires and habits, so the offer must be adjusted on a case-by-case basis. Psychocentrics are insecure and have a low socio-economic status. They do not like to travel by plane much, prefer to travel by car and usually look for a close friend in the destinations they choose. They prefer round trips and the types of restaurants they are used to at home. As more development takes place, the destination begins to be similar to the area in which the tourist lives. The rate and degree of development seem to be a destination, even to that group of tourists called medocentrics, those who have the greatest tourist desires, like it. (Stefanović & Azemović, 2012).

Structural changes in the tourism industry are taking place in several phases. The first phase is to consider the tourist needs of a particular destination. There are several reasons why a destination decides to develop tourism. This can contribute to the development of all other activities, provide an increase in income, help stabilize the negative trends of the population, or improve the standard (quality) of life of the local population. The assessment of regional potentials should include the identification of regional tourist resources and their quality. Factors such as: man-made resources (rooms, restaurants, etc.), natural resources (rivers, lakes, mountains, beaches, historic sites), infrastructure (roads, airports, etc.) and so-called general resources (human, cultural, technological, etc.). The second phase involves involving community support. Successful long-term development of a tourist destination requires the support of people both inside and outside of it. It is very important to take into account the needs of the population. Often the negative effects of tourism - noise, rising prices

and the like are more visible than the benefits. Assessing community support should serve to identify problems in a timely manner. The third phase of structural changes in tourism is the harmonization of the development of a potential destination with the legal regulations of the state. Laws can make development easy, as is the case with permits, or slow it down, as is the case with prohibitions. Laws and other regulations at the tourist destination should be well known. The fourth phase implies hierarchical harmonization of individual activities in order to provide a faster and more productive development of tourism. The development of a tourist destination requires many activities of different intensity, some of which take place at the same time, some that last or follow others. They can be short-term or long-term. Long-term activities are those that take place over a longer period of time, while short-term activities include operations over a period of up to one year. Short-term changes tend to maximize productivity based on existing opportunities. Fifth, as a component of structural changes, the knowledge and experience of those who are engaged in tourism should be considered. Their goal is not to do any job, but one that satisfies the goal function of overall development. The efficiency and effectiveness of tourism development on a profitable basis means that the management of tourism resources implies the flexibility of structural changes. They are a constantly open system, with an influx of new, better ideas and information, with constant refinement and finding more efficient and fruitful solutions.

Instead of the conclusion

Tourism is related to special interests and includes several types of tourism for which there is a corresponding demand and which show constant growth, with the expected tendency of even faster growth. The development of rural tourism, in an unpolluted natural environment, with a pronounced individualization of tourist demand and its significant focus on non-standard tourist products shaped by tourism of special interests or selective forms of tourism is one of the bases for applying such a concept of tourism development. Rural tourism is a significant component of sustainable tourism development and rural revitalization. The special importance of rural tourism is reflected in encouraging the development of local markets for agricultural and non-agricultural activities in the countryside, greater employment of local people, as well as the involvement of local people in tourism trends and raising their awareness of social, economic, cultural and other importance of rural tourism. Rural tourism includes not only tourism in rural households, but also certain

vacations in nature, trips to rural areas, visits to events, festivals and the like. Tourists are usually most attracted to those rural areas where agriculture is a marginal activity and which are sparsely populated.

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CULTURAL TOURISM AND FOLK ARCHITECTURE IN THE SERVICE OF REVITALIZATION OF RURAL SPACE

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Abstract

Progressive and sustainable rural development is an essential factor for the survival of the Serbian village. Modern tourism seeks authentic and unique experiences when visiting a particular tourist destination. Indigenous architecture, landscape, the ambience of the village and food culture can constitute the new actuators of cultural tourism, as rural development is based on nurturing and sustainable exploitation of natural and cultural resources. The aim is to point out the possibility of general development based on tangible and intangible heritage as an actuator of tourism development. It is necessary to establish a new style that is recognizable and characteristic of our culture. A style inspired by folk architecture is presented via the historical method. Having a stronghold in tradition has created an architecture of inestimable value, which is the basis of culture and identity.

Key Words: *rural development, cultural tourism, folk architecture, ambience, landscape*
JEL classification: *Z32, L26, Q13*

Introduction

Groups of tourists driven by motives and needs to thoroughly get to know people, their traditions and cultures, monuments and other places of cultural interest during their trip are synonymous with the emergence of cultural tourism. According to the World Tourism Organization, 37% of all international travel involves some kind of cultural activity, while according to other data, as much as 70% of international travel belongs to this category. Cultural tourism, unlike other types of special interest tourism, is

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extremely complex. First of all, cultural tourism involves a wide variety of activities ranging from visits to cultural and historical monuments, through the extensive museums and galleries, attending concerts, to learning about local cultures and customs. Another reason for such treatment of cultural tourism is certainly the fact that a high-quality cultural and tourist offer requires successful cooperation between the cultural and tourism sectors, which are very different in their orientation (one on the profit and the other on the common good).

The shortest path to destruction is the extinction of villages and the destruction of agrarians. Out of the 4,709 villages in Serbia, as many as 1,034 have less than 100 inhabitants each (Gulan, 2018). Rural development is one of the preconditions for our existence and survival in this region, and the economic aspects of rural policy are a prerequisite for stable, continuous and sustainable development of rural areas. Rural development is based on the nurturing and sustainable exploitation of natural and cultural resources. It is a fact that regional entities are the most interested in initiating all activities that would improve the economic standard in these environments. They make use of available resources, which need to be identified - recognized and used to the benefit of development. One of them is a rural ambience that can be the impeller for tourism development, while being directly recognizable in one area. This paper focuses on: economic and methodological aspects of regional development, rural environment and architecture, rural tourism and the integration of material and intangible elements for needs. It is also a fact that in the global market, saturated with traditional forms of tourism, there is a growing importance of tourism based on the unique characteristics of indigenous natural and cultural diversity. Rural tourism gives a significant impetus to the revival of many rural spatial, demographic and cultural entities and directly influences the development of the region. The basic postulate, in addition to the economic parameters in this paper, is adapting content to architecture and space rather than architecture and space to content, and that it is possible to initiate local and economic development based on these elements in such a context.

Aspects of rural area revitalization

Today, the economy is in long-term regression and it is a key factor in the transition lag towards Serbia's higher level of development. Assessment of strategic position indicates a long list of vulnerability indicators (Đuričin & Vuksanović, 2015). Serbia and the surrounding countries are among the

developing countries, being considered developed just until recently. This was caused by the shutdown of production and product development which resulted in the loss of the market.

Serbia with its backward economic development is hardly able to compete with the world market, but must find those sectors and programs that can offer new characteristic products or innovated ones (Lošonc & Ivanišević, 2013).

Regional rural policy is still a completely new area in Serbia. It should strive to raise and enhance local potential, promote decentralization, but also strengthen rural integration. The economic segment of rural policy is a decisive precondition for the continued and sustainable development of regional rural areas. Regional development is a long-term process that is territorially determined, multisectoral and led by local development actors. This process is possible and sustainable through the coordinated use of the free human, technical, financial and natural resources of one spatial unit. In order to improve the living conditions of rural areas, there is a need for their interconnection and cooperation with national, regional and local structures. The task of rural policy is to create and achieve objectives for rural areas that cover a wide range of different socio - economic activities. Rural development is based on the conservation and sustainable use of natural and cultural heritage. In a world full of mass production and traditional forms of tourism, there is a growing market for products and services, based on the uniqueness of local natural and cultural diversity.

The problems of poverty and serious demographic change happening in Serbia, most often caused by large numbers of people, especially young people, migrating from rural to urban areas, are indisputable facts that require concrete activities to be undertaken through various programs and projects within rural development. Accelerated urbanization enables employment of large numbers of workers, at the same time generating new jobs, which is what prompted a new wave of transition from villages to towns, while the first wave was fueled by the development of industry after World War II (Stojanović & Lošonc, 2017). The unemployment problem in Serbia could be partly addressed within the contemporary concept of integrated rural development, which offers great opportunities to the local rural population and to the society as a whole.

In the long-term improvement of the living standards of the rural population, particular consideration must be given to the use and protection

of all existing natural resources. When talking about rural development, we must always bear in mind the sustainability of that development. Sustainable development promotes decentralization, organizes the local population, motivates and encourages their participation at all levels. Working to preserve and strengthen rural areas is first and foremost working towards a sustainable society.

The regional population needs to be constantly educated and given the power to make and manage change. Substantial changes in a local or regional community will be visible only if all its members take responsibility and actively participate in change. In order for these changes to take place, some knowledge, skills and active involvement of all individuals in the community, horizontal and vertical integration of all development actors, as well as a clear role for the public sector and non-governmental organizations are needed. Local communities empowered to take their own development initiatives will take responsibility for their implementation and they will become responsible for adopting local rural development strategies and finding secure sources of funding. In order for these changes to be implemented, rural organizations and cooperation with the private sector need to be strengthened, and infrastructure and services available to the rural population improved.

Cultural tourism in the service of revitalization of village

Many theorists believe that there is no specific definition of cultural tourism because researchers take into account only their own experience and the resources at their disposal. Some call it cultural tourism, some call it heritage tourism, some call it cultural heritage. However, everyone shares the same idea: visitors or tourists interested in getting to know what makes a certain city, region or country different and interesting, whether it is art, culture, history, gastronomy, architecture or all of these factors together. Cultural tourism also implies a type of tourism where museums, exhibitions, concerts are the purpose of tourist visits, or the kind of tourism related to material, i.e. built heritage, from religious monuments to world architecture. Culture refers to a set of values, beliefs, behaviors, symbols (e.g. traditions, customs, clothing, and art) and forms of adopted behavior of the local community. It can also be defined as a way of life shared by a society that is passed on from generation to generation and it is considered to be typical of a particular social group. It includes the unique natural, historical and cultural achievements and the heritage of a particular area and the people who live in it, which are remembered or preserved in order

to be experienced by the present and future generations. Tourism mixes people and cultures, forms and forces specific to each local community as well as tourists, and a better understanding of these cultures will lead us to perceive tourism as a factor of change both within and outside the community. Discussions about local culture are often about which of the two wins or in which way they affect each other. However, it is best to study both local and tourist culture in relation to residual culture, which in this case, may explain why tourists from different cultures behave in different ways.

Rural tourism as an actuator of development

Rural areas cover about 80% of the total territory of the European Union with about 25% of the total population (Veer & Tuunter, 2005). The situation is similar in Serbia, but there is an impression that the potentials based on the specifics of this regional area are underutilized. Studies conducted in this area show a clear increase in all parameters of rural tourism. Other positive examples of rural tourism are also evident: better employment of women, retention of young people in the countryside, utilization of previously unused capacities, new jobs, better attitude of the local population towards living environment, which undoubtedly affects the remaining population in these areas and makes a significant contribution to regional development. Rural tourism is the broadest term encompassing all tourist services: hunting, fishing, tourism in nature parks, ecotourism, health, cultural, rural, ethno tourism. Rural tourism is not necessarily an additional activity on the family estate that generates additional income, but it can also be a professional activity. The term rural area is generally not strictly defined, but it refers to the areas in which it prevails: natural environment, rural environment, small settlements and villages, separated agricultural households with agriculture and forestry as their main activities.

Village tourism is a narrower term than rural tourism, and a broader term than agritourism on farms (rural family household) and is related to the ambience of the village and its immediate environment, as well as all its activities (agriculture, manifestations, gastronomy, ethnology, folklore and other economic activities). Village tourism provides and generates additional income for the population.

Agritourism or tourism within a rural household (farm) exclusively refers to a form of tourist service which is an additional activity on the estate with

agriculture as its main activity within which products produced on the farm are offered. Agritourism means staying in the countryside with active participation in all agricultural work or for educational purposes (e.g. growing vine, preparing food for winter, storing dried meat).

Ecotourism is a stay in unspoiled and preserved nature. It is a type of tourism that has a higher annual growth than any other type of tourism (30% per year).

The attractiveness of rural areas for tourism and relaxation can best be explained by the image the rural being closely linked to the traditional and romantic idea of the "good old days", innocent and simple way of life, untouched nature and perfect adaptation of man to his natural environment. Thus, the longing and the need for a return to the roots and the simple way of life without a highly organized, stressful and urban environment is leading to an increasing interest in rural areas (Kastenholz, et al., 1999).

Rural tourism provides development opportunities for small entrepreneurs whose business would otherwise be unprofitable in rural communities with few inhabitants. In addition, rural tourism is particularly beneficial to the existing rural businesses, such as rural households, by helping them to generate secondary income (Wilson, et al., 2001).

Interest in rural tourism is on the increase due to the existence of still attractive rural areas and environments with a certain lifestyle, culture and customs. Rural tourism is a real trump for the revitalization of the many dormant smaller and larger rural spatial units. The development of tourism in these areas may hinder the departure of young people, since the development of tourism today means the creation of elementary conditions for a general, much higher common comfort of rural settlements. In such circumstances, young people may find not only economic but also socio-cultural motives to continue living on their family land in an environment where the general quality of life really approaches the level that is considered necessary in the world today (Vratuša & Anastasijević, 2002).

Serbia is a country of rural character and it is one of the most agricultural countries in Europe. Rural development, as one of the areas of regional policy, is a key instrument for the restructuring of the agricultural sector and should have the task of directing and strategically harnessing the potential of attractive tourist villages. Local specificity and availability of

resources make it difficult to create a universal model of rural tourism product and destination development (Mathieson & Wall, 1982).

Considering the pronounced economic and other functions of tourism, as well as the diverse and high-value potentials of the spatial plan of the Republic of Serbia and its economic policy, this activity has been given importance and the opportunity to develop. In addition, the Tourism Development Strategy of Serbia has established a selective approach whereby rural tourism is treated as a priority among those types of tourism that are related to special interests.

Nutrition culture in Serbia as a channel for spreading cultural diversity

The modern man's relationship with food, traditions and customs that are closely related to food are the topic of many studies. Serbian national cuisine has been presented through the historical background of its dishes and the presentation of the cuisine, menus and food, as well as the culinary identities of individual regions. The difference between the traditional nutrition and the culture of nutrition and the new attitude towards food is not a limiting factor, it can be a significant comparative advantage and a new face of Serbia's cultural identity, viewed through gastronomy.

By observing the history of the dishes and presenting the cuisine, menus and food: from traditional folk meals in rural communities, through dining in urban areas and fine dining, we observe the national cuisine in Serbia, along with the culinary identities of particular regions, conditioned by numerous local cultural specificities. The phenomenon of eating culture, viewed culturally as well as anthropologically, interpreted as part of the intangible cultural heritage, is part of the everyday life of an individual and the community.

Between globalization and national identity

Research shows that the globalization process, in the presence of large multimedia companies, threatens the national identities of gastronomic culture.

Today the attitude towards food is losing its traditional form and more attention is paid to its aesthetics and whether it is in the realm of contemporary trends, healthy food, physical appearance. The responsibility

of experts, above all the Ethnographic Museum, ethnologists and anthropologists, is to show and demonstrate scientific knowledge related to traditional culture and the phenomenon of nutrition - in order to know what our regional, cultural and traditional identity is in this globalization process (Museum Advisor to the Ethnographic Museum Dušica Živković).

The phenomenon of food culture is a unified complex process that involves geographical, climatic and economic conditions, as well as cultural influences. In Serbia, it is the Old Balkan cultural influence of the Byzantine and Oriental, and part of the European gastronomic heritage. The way of eating significantly changed in the middle of 20th century. That cultural pattern was lost the moment the pattern of the traditional way of living and housing began to change. In fact, industrialization, the formation of large agricultural combines and the entire modernization that began in Serbia or former Yugoslavia, substantially equalized the rural and the urban nutrition and provided perhaps an easier way of food production and processing. Still, it is one of the ways to gradually lose the traditional nutrition both in Serbia and around the world. Nutrition is the existential activity of the man without which he cannot survive. In today's modern, fast-paced world of high-speed communications, one would expect nutrition to be reduced to fast food only - because it is something existential that a person should quickly deal with and devote to other aspects of his life (Milos Matic, Curator Ethnographic Museum).

On the contrary, today we are witnessing the expansion of very complex kitchen systems of food and ethnic cuisines, whereby food culture is used as a kind of channel for the dispersion of cultural values of particular ethnic groups, which sounds absurd in the modern world.

Ethnic cuisine restaurants

Nutrition through ethnic cuisines is one very powerful channel in the world of globalization through which cultural diversity is spreading. This is especially true in globalization centers such as North America and Western Europe, where various ethnic cuisine restaurants are flourishing.

Continuity is an important segment in the study of nutrition phenomenon: it encompasses the historical course that can be traced from the earliest times, through ancient Balkan communities, Slovenian, Byzantine, Oriental and European, to the mere culture of nutrition that involves the process of production, processing, conservation or preservation of food,

and its consumption in contemporary life, festive, ritual and public family space. Today's gastronomic menu is recognized by gastronomic regions; for example, the Pannonian gastronomic region in Vojvodina is recognized for being considerably influenced by European culture. According to research, the western and central gastronomic regions are mixed with the Central Balkan and Dinaric gastronomic regions, the south and east of Serbia being even more authentic, where much of the Old Balkan cultural heritage in terms of nutrition is preserved.

Slava as an intangible cultural heritage

Family slava is the first most significant element of cultural intangible heritage, inscribed on a representative UNESCO list of intangible cultural heritage. It is a ritual which celebrates the patron saint. However, apart from the religious aspect, the social aspect, which is realized through a significant ritual feast, is very important. Food is a kind of medium at the festive feast which unites the religious and the social aspects in the ritual, uniting them symbolically by consuming the same food together in a holy, sacred situation. Therefore, it is assumed that the social connections that are established on this occasion last longer because they have the religious symbolism of invoking higher energy.

Gastronomic tourism

Gastronomic tourism is based on a gastronomic offer which is very interesting in rural areas. It is important for gastronomic tourism to have a diverse and unobtrusive, yet noticeable, food offer. Within this range, specialties and varieties such as national and regional dishes and traditional cuisines should be visible. These specifics should be presented to specific consumer segments, for example vegetarians, organic food lovers, hunters, fishermen and others. Within this type of tourism, thematic gastronomic trips (through centuries, national cuisine and cuisine of the nobility, blueberry or mussel harvesting, tasting of meat products, entertainment, competitions, etc.) can be offered, lasting one or several days, with a tour of the whole country or just a certain region.

Development accelerators - rural ambience and architecture

At the beginning of the new millennium, the most attractive idea in considering a global future is to plan sustainable development as a new paradigm for rural and regional development. However, the thesis of

sustainable development acquires negative connotations because it is exploited for various manipulations (Pušić, 2004). In addition, social, environmental, cultural and regional development is essential to further planning. The global strategy should retain important local characteristics, to the extent and in a way that will contribute to coherence with other rural elements, taking into account the rural - cultural context of sustainable development, which means satisfaction of social needs at a higher level of aspirations than is the case of a banal interpretation of economic, social and environmental sustainability hypotheses for communities, assuming that the individual's natural and necessary needs have been defined earlier (Pušić, 2004).

One of the possible strategies in the area of rural environment could be the conversion of outdated facilities according to requirements of rural tourism as a result of the growing need to preserve architectural heritage and the environment, in undeveloped space or to demolish existing facilities. The conversion of obsolete facilities is one of the key initiatives in many countries around the world. This type of conversion has potential economic, environmental and social benefits (Živković, et al., 2016). The balance between building strategy and heritage conservation, through the development of a sustainable structure in the present, and a tendency for sustainable development in the future, is one of the main goals. Additional motivation for preservation is necessary: ambient architecture, country houses, local specificities, traditions and customs, old interesting skills and crafts, biodiversity, agricultural production on small surfaces, original products (Đenadić et al., 2016).

The basic rule which has to be followed when arranging a tourist family farm as a basic feature of rural architecture and ambience, is adaptation to architecture and space.Very often, homeowners adapt the space and the facilities to business content, that is, they over-intervene with the architecture and space for certain content organization. An example of this is the arrangement of an area where food is provided for the guests of the picnic area (at the picnic area). Considering that the traditional architecture is smaller, and the owner of the household usually wants to take advantage of the legal maximum of food service (currently it is 80 people if the household is registered as a rural household, or an unlimited number if the household is registered as a business), a traditional building is remodeled so as to cater a large number of people. In this case, it inevitably intervenes with the architecture (upgrading and expanding space) to obtain a satisfactory space that can accommodate 80 or more people. On the

contrary, it would be correct to adapt the number of people to the capacity of the existing space.

Arranging the household / facility is extremely important not only to preserve the ambience and visual attractiveness, but because future marketing will be based on the arrangement of the tourist rural family household and it will be the first contact of a potential guest with your household via promotional material, photographs in catalogues or on the Internet. It is important to arrange the object according to the traditional, ambience laws, which are first and foremost: functional space, simple and functional arrangement, clean and green surrounding. When decorating, be minimalist, make the least possible interventions in the architecture, without forgetting all the details that traditional houses had in the past.

The layout of the facility intended for rural tourism should be in accordance with the needs and requirements of modern service provision, harmonized with the functional contents of the facility, simple, reduced and rooted in tradition. Tradition and technology today contribute to the creation of contemporary environments that, in addition to top performance, can offer other precious and valuable moments of enjoyment in the artistic and cultural heritage, while arriving in a place for a variety of tourist motives and at the same time offer a cultural experience within the service (Stojanović & Đenadić, 2019).

Each region has certain development potentials, but these benefits are often left untapped. The reasons for this are the lack of interest of local and regional entities, ignorance or lack of professional staff. This moves away from the basic postulate of regional development, which should be based solely on the local and regional advantages of a single location (Riznić & Vojnović, 2010).

The historical context of the emergence of national style

The emergence of national style in Serbian architecture was conditioned by the historical context. The creation of an independent Serbian state in the second half of the 19th century became possible only after intensive intellectual growth under the influence of Serbian art. A romantic spirit was formed, history was magnified and spiritual culture was mitigated, a conflict between faith in the present and a powerful medieval culture, which resulted in the idea of creating a special national style (Kadijević, 2007).

Romanticism with tourism basics was prevalent for half a century. The change of society into a capitalist one influenced the tendency to create a national style as the identity of the new bourgeoisie. Architecture was built for institutions, and the motifs or the inspiration in the Middle Ages set Serbia apart from the global context. Romanticism was reminiscent of Serbian medieval architecture, and the precarious social context, due to frequent turbulence, required a foothold in tradition (Nestorović, 2014).

The formation of the Serbian national style in architecture progressed gradually with occasional mixing with the previous forms of Baroque, Classicism and Romanticism. However, the end result was the existence of a new style based on broad knowledge, education and skills, following contemporary needs, but with a foothold in tradition, which created an architecture of lasting values that is admired today throughout our historic cities and villages, and not only for us, but it is the basis for the culture and recognition of our people to all who visit our country. The urban form is a great human creation, a wonder of memory, between dreams and reality, utopias and pragmatism, the core of both city planning and house construction (Radović, 2003).

The roots of folk architecture

Documents and collections of Derocco collected in the mountainous regions of southern and southwestern Serbia, northern Montenegro and southeastern Bosnia, also in the valleys of the rivers Morava, Raska, Lima, Tara, Piva, Drina, testify to the elements of folk architecture, which, even at the time when the architect took notes, was disappearing. Noticing a tendency of oblivion, he sought to revive some of his historical motifs in his construction oeuvre. Even then, he was able to identify the causes of the disappearance of folklore, in the aftermath of World War I, when modern civilization had penetrated into previously inaccessible areas, bringing new materials, replacing manual with mechanical production and introducing foreign forms (Deroko, 1939). He noted that different forms develop under different conditions of life. The situation and the influences are similar even today. It was concluded that the log cabin was the oldest method of construction in Serb-inhabited areas, brought when settling in the Balkans, and bundwerk was of Western origin and was spread by the Turks who had brought it from the Levantine shores of the Mediterranean Sea (Deroko, 1939). These are the two main types, which are not originally Serbian, but have been processed in a particular way in these parts. The

documents also mention stone construction, especially in places where the material is found in nature.

In contrast to the economic and political factors that usually drive development today, alternative ways should be approached to make settlement upgrades more rational and more manageable, catering for the users' real needs (Marcinkoski, 2016).

The balance between building strategy and heritage conservation, through the development of a sustainable structure in the present, with a tendency for sustainable development in the future, is one of the main goals of the modern world (Živković et al, 2016). Identification of the key criteria that determine the quality of potential interventions is the next stage in finding alternative and sustainable solutions for the problem of disappearance authentic architecture.

Establishing criteria

On the basis of the analysis so far, in order to determine the typology of objects containing elements of national style and having national architecture as a model, it is necessary to define the key criteria for defining a representative sample for research. Studies conducted in the field of studying the development of styles and elements define a wide range of individual criteria, viewed from different aspects. The main groups of criteria for the classification of certain types are time, location, purpose, function, type of construction, type of material which they are built from, disposition and compactness of composition, scale, humanity, (anthropomorphism), logic of communication, comfort, colors, purity of processing and plastic expression of all the details and wholes, as well as the quality of life in these objects. Possibilities and limitations of the analyzed forms are evaluated by determining the general characteristics, considering their specificity, noting regularities but also deviations, and their classification and typology on the basis of the defined criteria.

The town houses of Podunavlje and Pomoravlje areas belong to the same type, which is related to the common natural and social factors that existed in these areas (Živkovic, 2011). The rare preserved specimens of folk architecture in the area testify to advances in construction, residential culture and fine arts. The farmhouse characteristic of the Danube region mainly developed after the Turks had left these regions. Immigrants from Kosovo and Metohija, from Pomoravlje, Šumadija, and Bulgaria, brought

their own type of houses that changed under the influence of natural and social conditions. Rural houses, irrespective of the type they belong to, are typically located in spacious yards that, in addition to the dwelling house, contain other auxiliary and economic buildings needed by the rural household (Živković, 2011).

Objects of folk architectural heritage could still be cautiously infiltrated into modern planning and construction streams, thus contributing to the vibrancy and historical authenticity of the environment as a whole. Today, through the buildings of the preserved heritage, the line of development of the national architectural expression can be traced from the old Balkan house, inns, crafts and commercial shops, the Vojvodina house and public buildings. Then, as well as today, no one was held responsible for devastating or demolishing a cultural monument. The main cause is the lack of respect for legal regulations and the lack of clear legal frameworks, which is a problem everywhere in Serbia, as houses have disappeared without any legal consequences for anyone (Živković, 2011).

Representative objects

In further work, we will analyze and typologically classify known and lesser-known objects with elements of folk architecture which are located in different territories where Serbian people lived or still live, which will confirm the initial assumptions.

A multi-floor building with its ground floor built by a massive system and using bundwerk construction above. We find examples in Šumadija, such as the Building of the First Agricultural Union in Azanja, also erected between 1920 to 1927 according to the project of architect Branislav M. The base has the shape of the Latin letter "L". It is characterized by a mixed structural system, where the basement and ground floor are constructed in a massive structural system with supporting brick walls, while the upper floor is made in bundwerk structural system with brick filling and wooden beams seen on the façades. The house stands on foundations made of stone. The floor and roof structures are of wood. Elevation is noticeable on the façade, the ground floor and the first floor are treated differently. Then the lesser-known house in Grace, Bosnia and Herzegovina, which also ends with a belwerder in the middle of the façade or the old house in Sarajevo whose detail around the window upstairs shows the bundwerk construction. An old house in the village of Saracino, near Tetovo, Macedonia, and one of the types of traditional houses in Sarajevo, with an ejected porch and a

floor, match typologically. The Rancić's house in Grocka from the early 19th century combines the Kosovo-Moravian style of construction and had only two rooms and a porch and it is very low. Later, the second part of the house was completed with a doksat (a closed balcony) and basement, so that now it has the characteristics of a Serbian town house. Milivoj Manasić's house is located in the village of Radinac, Smederevo, erected in the traditional Moravian style in the early 19th century. The base is rectangular with a recessed porch with Moravian arches. It stands on high brick foundations built in bundwerk system with walls filled with wicker.

Modern approaches for restoration of intangible and material values of rural settlements

Today, we strive to create an image of the ideal living environment, while in our region the situation is opposite, associations to the landscape, which is itself a conceptual construct, are introduced as much as possible, because the transcendent landscape sublimates experiences, creates a dramatic effect. Europe is striving for a knowledge-based society in 2020. A holistic approach is the pursuit of the timeless, which cultural heritage is (Kurtović-Folić, 2014).

Solving the problems of planning, building and thinking through strategies to achieve the best possible rural quality of life in today's context of the overall impact of financial indicators is certainly preservation of the continuity and tradition of a place, which make it imperishable. It also gives it significant potential for economic development based on location advantages. Different types of heritage from different periods of settlement in rural areas, as well as different characters and specificities of their multicultural population, could intertwine into one harmonious whole, establishing links between past and present, and building new links between historical epochs and heritage through new architecture, by establishing a new style that would be recognizable and characteristic of our culture. The survival of the Serbian village today depends on defining its way of functioning and creating opportunities for different events. Contemporary tourists seek authentic and unique experiences when visiting a particular tourist destination. Local food and wine tasting is a special experience for tourists. When visiting rural areas, tourists come in direct contact with the host culture, exchange positive experiences with people, learn about cultural attractions and the overall value of the tourist destination. The development of rural tourism contributes to the positioning and recognition of a particular tourist area and creates a

competitive advantage. Serbia, as a tourist destination, certainly has a lot to offer to domestic and foreign guests in this area, but it must be in compliance with all standards for rural tourism as practiced in tourist developed European countries. The development of rural tourism creates preconditions for the increase of tourist satisfaction and consumption, as well as for increasing competitiveness of Serbia's tourism offer. Following this direction, it is necessary to renew and improve all elements - material and intangible.

Conclusion

Architecture unites peoples from different spaces, testifies to their existence, relationships and connections that were somewhat different from today's. Monuments of culture, works of architectural heritage thus make material facts that are not easy to obscure. The main strategic goals of regional tourism development of Serbian rural areas should be: competitiveness in the international market, balanced regional development, self-employment and motivation for young people to stay in the countryside, permanent protection, implementation and respect for high ecological standards in order to obtain long-term sustainable valorization of the tourism potential of the rural area, development of the overall offer of the tourist destination, raising the level of quality of accommodation capacities of catering and tourist services, encouraging the production of organic food and autochthonous products and their placement through the tourist offer, education of rural tourism employees and increasing the share of rural tourism in the total tourist traffic and, above all, preserving the rural environment. Additional motivation is needed to preserve: ambience architecture, farmhouses, local specificities, traditions and customs, old interesting skills and trades, biodiversity, small-scale agricultural production, original products. To enable the preservation of village vitality and the attractiveness of rural lifestyles through tourism services which can serve as a motivator for the development of rural areas. Priorities should include a new development methodology, based on local entities, taking advantage of the benefits of a given region. As stated in the text, it can be concluded that the rural environment can be and it is one of the most important factors in the development of tourism, while respecting the existing architecture and without neglecting the needs of the economic development of the area. Moreover, the given methodology enhances and enriches the environment, accelerates development and gives new opportunities. Considering that there is little research of the importance of ambience for regional development, a number of new studies need to be

conducted and a special dimension should be given to regional development.

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WINE TOURISM

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Abstract

In spite of tight relationship between wine production and tourism, dating back in early history, these two high-income industries have existed separately for a long time. Bearing in mind such a fact, the current study aimed to collect the existing knowledge and brightful tips on wine tourism, a complex phenomenon yet pretty underdeveloped in the Western Balkans as a whole, particularly if compared to the examples of rather good practice in wine-producing countries such as France, Italy and Spain.

Key Words: *wine, tourism, wine tourism, wine culture*
JEL classification: *Z32*

Introduction

The term *wine tourism* is regularly used in two industries – wine and tourism. For the tourism industry, wine actually represents a strong motivating factor for the visitors that makes a certain destination attractive. For the wine industry, wine tourism is more than important link with the consumers. Since they are rather interested for a first-hand grape/wine story, direct sale often enables plenty of wineries a good solid income (Getz, 2000).

There is a long-standing relationship between wine and tourism. A visit to the vineyards was quite a common thing in ancient Rome and Greece (Jović & Petrović, 2000). However, the travelers developed a specific interest in wine only in the mid of 19th century. Such a trend may be explained by traffic (with stress on railway) and social revolution.

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In other words, new middle class sought quality wines, along with the aristocracy (Hall et al., 2000).

Wine production and tourism have existed separately for a long time (Domine, 2001). Nowdays it is necessary to establish and/or maintain a real (formal) connection between tourism (as a movement and consumption outside the place of residence for the purpose of meeting recreational and cultural needs) and wine production (as an agricultural activity). Wine tourism is thorougly claimed to provide a fully (complete) sensory experience, described through five sense types as followed:

- *sense of taste* (local gastronomic specialties, fresh grapes, vegetables from the surrounding gardens);
- *sense of smell* (grapes, wine fermentation, fresh rural air, mowed grass, hay, the smell of flowers);
- *sense of sight* (wine colour, spacious vineyards, specific architecture of stone settlements, colourful wine festivals);
- *sense of touch* (practical production experience, bottle design, grape picking);
- *sense of hearing* (bottling wine, music that goes in line with wine).

Without a doubt, wine tourism is a complex phenomenon (Panov et al., 2006). It is authentically cultivated (includes a lifestyle associated with wine and food); offers a good reason for numerous festivals dedicated to wine; acts on the architecture of the village; may be easily considered as educational; strongly provides the opportunity of knowledge acquiring in regard to the types of wine, technology of wine production and wine evaluation. Such a kind of tourism usually favourites good mood and lively emotions. Also, wine and food, along with attractive (catchy) surrounding, may deeply encourage romance.

There is no universal definition of wine tourism. The specificity of tourism, as an economic activity, must be seriously taken into account. There are two key points: while the first one is related to the connection between viticulture and wine production with agriculture, the other one deals with the impact of the local surrounding area on the economy (winemakers, travel agencies and tourists). Defining wine tourism, Hall et al. (2000) have pointed out the importance of tourists' visit to vineyards, wineries, wine festivals and exhibitions; wine tasting as both attraction and experience; the wine region itself as the primary motive. Similarly, Getz and Brown (2006) define wine tourism as an inspiring journey associated with the attractiveness of wineries and wine-growing areas, types of niche

marketing, destination development, direct sales and marketing opportunities for the wine industry. Vineyards must possess some elements of attraction such as aesthetic, historical, ethnographic and/or cultural specificities. Tourist visits result not only in economic outcomes, but also in acquaintance with these elements of attraction. Johnson (1997) summarises that wine tourism is a visit to vineyards, wineries, wine festivals and exhibitions organised for the purpose of recreation.

Wine tourism offers a wide range of experiences for those visiting wineries and wine regions like wine tasting, wine and food, enjoying the surrounding area, recreation and/or cultural activities in the wine region. Actually, it well incorporates wine culture of the region: from vineyards over cellars to a glass and all aspects of the tourism industry. The tourists are genially provided with unique sensory experience and intriguing opportunity to get to know with particular wine-growing area and its specific characteristics (Dodd & Beverland, 2001).

A tourist comes to a certain area to encounter and experience its character, food, lifestyle, and cultural attractions; also, to rest and relax. A tourist tends to have a great fun (being far away from any kind of stress including urban way of life); to change the surrounding for a good and/or to experience romance. Consequently, primary motives are mainly related to entertainment; education on the wine, winery and wine-growing area; wine tasting and shopping; food and wine; socialising with other people; visiting art galleries, museums, historic sites, parks, monasteries, etc.

When making a tourist offer, it must be kept in mind that tourists do not visit a wine region just to buy a single bottle of wine (Charters & Ali-Knight, 2002). On the contrary, they expect a full (complete) sensory experience followed by some new information about the region of choice. The tourists must be given the opportunity to relax and move away from a routine of the city life. A visit to an exciting winery is nothing else than a step forward. Actually, the offer must pay a huge attention also to the accommodation; restaurants; hospitality; the value, quality and authenticity of attractions; maps (followed by any additional tourist information about the area); etc. There are plenty of ways how a winery – wine cellar may become truly special and worth remembering for the visitors: the design and layout of the winery; entrance to the cellar; fitting the winery into the landscape; interior; the service and atmosphere created by the staff; quality product – wine.

In Serbia, wine tourism is currently at the very beginning of its development. For such a reason, there is a real need for continuous education of substantial quality. Both the owners and managers of wineries have to become familiar with basic concepts of wine tourism and wine routes. A fruitful cooperation with tourist organisations and agencies is simply a necessity. As time goes on, the tourists worldwide, who are undoubtedly getting more and more sophisticated, intensively look for an enlightening offer.

Successful business equally takes care about the appearance of a winery and the staff behavior. The relevant tips include opening hours clearly displayed at the entrance; a well-maintained parking lot; the surrounding area leaving a positive (charming) impression; the winery exterior that massively reflects a product′s image (historical, folk, rustic, modern or authentic); the entrance to the cellar and its interior in conformity with the product. Special attention must be paid to outdoor facilities – the area where the tourists are like to spend their own time. First of all, the kids need to be ideally safe while they play (Hall, 2005). This gives an opportunity to the parents of being much more relaxed and proned to the leisure activities of choice. At least some of them may opt to curiously taste different types of wine. Additionally, the design of entrances and windows may contribute to a great extent to the overall impression of the site, if smartly arranged. The same is particularly true for the entrance of the wine cellar that needs to be inviting and to finely address various sense types. The wall space might have a specific role.

If creatively organised, it has potential to (silently) transfer knowledge (information) related to the wine in rather unformal way. Such an approach may put some light on old (valuable and rare) paintings, collections of winery products (both the existing and previous one/s) and various certificates, winning medals and diplomas achieved either at domestic/international exhibitions or competitions. The visitors may also benefit from so-called educational posters covering different topics such as grape varieties; harvesting; the way of making wine; the way the climate affects the taste; the year in the vineyard – key data (numbers); from a vine to the bottle; etc. A connection with local artists is pretty welcomed. In other words, there is a space for wine in practically any exhibition of paintings, sculptures and ceramics – art and wine ideally go together. There is a strict must when it comes to the staff: by default of good practice, the staff members are expected to know quite a lot about wine and winery

products, to have a respectable culture of consuming wine and to be familiar as a whole with the ongoing cultural offer in the surrounding area.

Wine can influence the choice of tourist destination in a number of ways. Basic human needs are partly met by rest and travel, interaction with people, depending on lifestyle, life stage and experience – all these together genially shape specific travel motivation. According to Brown and Getz (2005), such a motivation generically includes a couple of different types: intellectual (learning, exploring and discovering), social (related to friendship and interpersonal relationships, the need to instill respect), competence-mastery (achievement, refinement, challenges and competitions) and stimulus-avoidance (rest and relaxation).

Wine route represents a special form of sale of wine, catering, tourist and agricultural products of a certain wine region. The route is complemented by natural beauties, peculiarities of the area through which a road leads, cultural and historical sites and features of the wine-growing area. Development of a wine route standardly includes: defining a tourist offer; defining a course of the wine route; arranging the reception area for the guests; arranging the yard; setting up signin posts; promotions; extending the tourist offer, etc. For all this, one must have knowledge and skills in wine market and marketing, architecture, spatial architecture, law, hospitality, viticulture and winemaking, etc.

Benefits of the wine route may be literally numerous: the enhanced tourist offer; the extended tourist season throughout the year; the increased employment of the workforce, with the aim to preserve and restore the original ambience and traditional heritage; merging natural, cultural, sociological, demographic and production features of the particular area into a harmonious whole; economic development and increased employment in the area; allowing the winemakers to sell wines and other products at their doorstep; allowing the visitors to acknowledge the quality of the product and to happily return home; the improved tourist image of the region as a whole – a massive step up.

Wine culture

Wine culture includes complex knowledge about wine, its history, vineyards, cellars, oenophilia, wine philosophy and the role of wine in hospitality and tourism (Mijatović, 2012; Zoričić, 2009) .

This culture encompasses refining, improving and perfecting the cultural consumption and knowledge of wine including our relationship to wine. It has to be permanently promoted by organising courses for hospitality workers; publishing and printing wine brochures; opening wine shops with professional staff; organising tourist trips through wine-growing areas; offering and organising promotions of new wine products at fairs (Mitchell et al., 2012).

Within wine culture, combining wine and food in the right way represents a particularly sensitive issue. In France, there is a saying: "Tell me what you drink and I'll tell you who you are." François de la Rochefoucauld, a French poet, convincingly added: "Eating is a necessity, but to eat intelligently is an art."

Pairing food with wine is a pure pleasure. There must be a balance – harmony in which neither food nor wine prevails. The French call it *taste education* (Subić et al., 2010).

Food products in tourism

Food and drink tourism are becoming a crucial part of cultural tourism. Local food and drinks allow tourists a rare opportunity to gain authentic and unique experience. MacDonald and Deneault (2001) claim that tourists immerse themselves in the culture they are visiting through authentic and engaging experiences with people, cuisine, wine and other cultural activities, while Hall and Sharples (2003) refer to food tourism as a special interest tourism. There is also so-called gourmet tourism where food is a key motive for traveling. A tourist travels to a certain destination with the primary motive to visit a particular restaurant or winery.

Wine stands out as the most valuable food product in tourism differing from all other agricultural products (Hall & Macionis, 1998). According to some data, tourism and hospitality account for about 11.3% and 8% of the wine and all other agricultural products consumptions, respectively.

Wine as a food product

There are over 650 components/compounds in wine. Wine is a complex mixture of natural organic compounds belonging to various structural classes. The quality of wine is determined by its visual and organoleptic characteristics (taste and aroma). The fruit composition and consequently

resulting wine composition are affected by a number of factors including grape variety, soil and microclimatic conditions, viticultural practices and winemaking techniques (Almela et al., 1996; Dai et al., 2011; Giovinazzo & Grieco, 2015).

The group of compounds that have a great impact on the quality of red wines are phenolic compounds, in particular, anthocyanins and tannins as they contribute to the wine colour, mouthfeel and stability (Downey et al., 2006; Kennedy et al., 2006). Wine polyphenols generate special interest, not only because of their impact on wine quality, but also due to their antioxidant and free radical scavenging properties which support positive health effects (Pereira et al., 2013). They have demonstrated antioxidant, antibacterial, antiviral, anti-inflammatory and antiallergenic effects (Cook & Samman, 1996; Fukumoto & Mazza, 2000).

If consumed moderately, it does not incite (lead to) alcoholism; it has nutritional, prophylactic and healing value (Cindrić et al., 2000; Quideau et al., 2011). Wine is a drink of laughter and oblivion; the truth is hidden in it (Budić-Stanković, 2003).

Moderate consumption of wine reduces the onset of Alzheimer's disease; helps with osteoporosis, type 2 diabetes, gallstones, cancers, allergies and migraines; contributes to maintaining collagen fibers of blood vessels and connective tissues. It also reduces blood cholesterol and eliminates excess of free radicals due to the presence of polyphenolic compounds, naturally occuring antioxidants. (Čakar et al., 2017, 2018; Dimitrić Marković et al., 2017; Đorđević et al., 2017a, 2017b, 2018; Pantelić et al., 2016; Pejin et al., 2015, 2016, 2017; Popović-Đorđević et al., 2017; Stanimirović et al., 2018, 2019; Vujović et al., 2015, 2016a, 2016b, 2016c, 2017). In view of the fact that resveratrol has health promotion properties, there is increasing interest in producing wines with higher contents of this compound and a higher nutritional value (Bavaresco et al., 2016). Resveratrol is found in the grape skin and it is synthesised as a grapevine response to fungal infection, abiotic stress and UV irradiation (Burns et al., 2002; Konstadinović et al., 2012).

Wine tourism marketing

Marketing is of paramount importance to wineries and wine producers. Main elements of wine marketing include product, location and

distribution, price, promotion, advertising, sales promotion, public relations and personal sale.

The main product in wine tourism is wine. However, all other services offered to guests (such as wine tasting, food, tour of natural and cultural heritage in winery surroundings) may be considered as its products. A product is not only what a tourist can taste and feel, but a whole experience that a tourist takes home. Design sells wine through designed package and good market communication (Panov et al., 2006).

Sale can be direct or indirect. Direct sale is the most common, indirect sale is through subordinates – wine shops and restaurants. As the most dynamic element of marketing, the price is determined by the market. It also depends on the quality and attractiveness of a product. Finally, the payment capability of the tourists is commonly taken into account.

Promotion implies communication with the consumers for the purpose of stimulating and improving product placement. The means of communication are advertising, promotions, public relations, personal sale and direct marketing.

A winery has to genially excite the visitors′ attention with striking signin posts and recognisable symbols. Being available in info centers, tourist organisations, hotels and restaurants, advertising material has a role (mission) to promote quality food and drinks. On a regular basis, this material should be updated each single year. There is a must to include all curiosities of the surrounding area. Only in such a way the tourists may completely satisfy their needs (Gómez & Molina, 2012; Jević, 2019).

Specialised wine magazines, lively festivities organised to celebrate grape and wine, followed by souvenirs, glasses, jars and postcards may greatly contribute to the fruitful promotion of a winery (Ivkov-Džigurski et al., 2008). Cooperation with newspaper(s), radio & TV stations and tourist agencies may certainly play a promising role, too.

To improve sale, a winery may, from time to time, lower the prices of some products, give vouchers with discounts, sponsor some giveaways, etc. Public relations imply beneficial contacts with journalists and making statements to the media. Without a doubt, the public has to be promptly informed of all events, manifestations and activities. Such a kind of relations also includes active participation at wine fairs.

Personal sale ensures a direct contact between a seller and a potential buyer. It is the best form of sale since it potentially establishes closeness and trust between these two parties. Ideally, a buyer will be smoothly given the opportunity to get to know with the product of choice in detail (Čerović, 2003).

Benefits from wine tourism

Spending money on wine tourism has a multiplying effect (Savić, 2014). The tourists visit a particular wine-growing area, buy goods and services. As a consequence, the means are injected into local economy. The more money, the greater economic benefit. Wine tourism may open up new jobs, especially for young people, strongly encouraging them to stay on their homeland and overcome the consequences of structural change (Carlsen & Charters, 2006). At the same time, it may lead to improvements in the infrastructure, services and facilities used by the locals. Has proven potential to create financial benefits and increase the employment in a particular region (Hall & Mitchell, 2000).

Furthermore, wine tourism may create favourable conditions for development of new products, facilities and services. Through effective development policy, planning and research, it brightfully ensures the preservation of the surrounding area, heritage and native culture. Some of the visitors, who were once among the travelers, being attracted by a quality of life, became permanent residents. Wine tourism may stimulate the establishment of new and improvement of existing transport services in the region (Pivac, 2008).

It may also provide education and management opportunities for the locals. People may get to know each other, collaborate and connect with other people and places. All these activities may generate new and powerful ideas (Savić, 2012).

Conclusion

In terms of both economy and development, wine tourism may be considered as particularly promising business. The fact it does not depend on the season brings a huge advantage. There is a firm need for more wineries in wine-growing areas. Wineries (founded on the basis of good practice) are expected to provide the tourists with full (complete)

experience through suitable accommodation, tasteful food and drinks, friendly staff, along with variety and authentic scenery.

The development of wine tourism may contribute to the development of partnerships with similar entrepreneurs; strong cooperation with tourism organisations; finding complementary entrepreneurs with the products capable to further enhance the impressions and experience of the guests. It should definitely offer autochthone grape varieties and wines made out of these varieties (Avramov et al., 2000).

Wine tourists are well known to expect an outstanding and complex product. Such an urge may contribute to the development of a destination image, increase the amount of money the visitors are willing to spend, attract new visitors and, finally, create additional off-season demand(s).

It is very important to adequately plan the development of wine tourism. Effective marketing, infrastructure and quality products can easily take the visitors back to the likeable destination (Iorio & Corsale, 2010).

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CLUSTERING IN AGRICULTURE AND TOURISM AS A POTENTIAL FOR DEVELOPMENT OF RURAL TOURISM

Svetlana Vukotić[1]; Vuk Mirčetić[2]

Abstract

Global trends that enhance healthy lifestyles, turning back to nature, preservation of the environment, using renewable energy sources, biodiversity conservation, and more are making the area of rural tourism more attractive. There is sometimes a discrepancy between the possibilities and the level of development, as it is in Serbia. Despite many fulfilled conditions, all the benefits and potential that rural tourism holds, it is not sufficiently developed in Serbia. Clustering leads to improved *competitiveness of member organizations because of the increased productivity and efficiency, implementation of innovations, development of new technologies, and introduction of the latest quality standards, as well as better access to the market. Additionally, clusters contribute to the economic development of individual regions, and they are of particular importance for increasing exports and internationalizing businesses. This paper aims to show that clustering in agriculture supports and encourages member organizations to achieve the potentials for the development of rural tourism. In the linking of tourism and agriculture in clustering there emerges the agritourism cluster, which brings many benefits and possibilities that are individually much harder to realize.*

Key Words: *rural tourism, clusters, agricultural clusters, tourism clusters, agritourism cluster, Serbia*
JEL classification: *Z32, R58, O13*

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Introduction

Tourism became one of the fastest-growing economies in the recent years, which is why governments around the world are more intensively recognizing the power of tourism and trying to use it as a way to improve their country's development and prosperity. In many countries, tourism is becoming an important industry or even the leading one. Rural tourism, as a particular type of tourism, is a vital instrument of the economic development of rural areas. Protected nature and the environment in rural areas have always attracted, and even more recently, a large number of the urban population, which is why there is an increasing interest in rural travel or, as Ružić (2012) points out, the story of rural tourism started in rural areas, and it will be expanding in the future.

On the other hand, it is necessary to find and emphasize all those options that can make tourism in general and mainly rural tourism more competitive in the increasingly demanding market. Tourism destination stakeholders are trying to identify the diverse approaches and tools that can be used to present a destination in the best possible way (Cvijanović et al., 2019). The study of innovation in tourism is additionally complicated compared to some other branches of services, given the complexity and heterogeneous structure of the tourism industry, which connects many actors and sectors, including business, users, and government. Therefore, the emergence of new forms of tourism (which have a prefix to sustainable and ecological, for example) is difficult to identify, and it is unknown whether these new forms aim for something that is ordinary old "tourism" or not (Mowfoth & Munt, 2016, p. 26). In recent years, researchers have recognized the gap in the literature, so it is to be expected that with the rise of tourism innovation studies, it will establish itself as a vital discipline with essential research directions and application in tourism practice (Zakić & Vukotić, 2019).

One way of achieving a competitive advantage is clustering. The role of clusters in regional development policy is evident in many countries. It is a fact that with some delay, the cluster concept is introduced and implemented in transition conditions (Kersan-Škabić, 2011; Anić et al., 2019). By acquiring most of the input from suppliers in their area or region, by hiring a skilled workforce, linking closely with innovation and research and development centers, financial institutions and investors, by branding new products, clusters produce the conditions for a more stable and faster economic development of the region (Aničić et al., 2016).

A particular domain of analysis in this paper relates to agricultural, and to some extent, tourism clusters. The starting assumption is that the formation of both agricultural and tourism clusters can make a positive influence on the development of rural tourism, that is, in the symbiosis of agrarian and tourist clusters, the benefits for the development of rural tourism can be realized. The structure of the paper is as follows: after the introduction, the context of rural tourism is considered, with an overview of aspects in developed, less developed countries and finally in Serbia. The second section of the paper is clustering, as it is the most beneficial point for rural tourism development. A general approach to clustering and an additional focus on tourism clusters is further elaborated, with a recapitulation on Serbia at the end of this section. The last segment deals with agrarian clusters, a relatively new model of agritourism clusters. The paper is intended for the interested expert and scientific society and can serve as a guideline for promoting the development of rural tourism.

Context of the rural tourism

Rural development implies integrated management of natural resources in a sustainable way, i.e., harmonization of economic, social, and environmental principles within the rural community. Agriculture studies in certain localities are associated with new geographic food sources. These new geographical food dispositions are influenced by globalization, which modifies the relationships that make up rural areas (Woods & McDonagh, 2011).

According to Calabrò & Vieri (2016), agriculture can shape the characteristics of almost the entire national territory, even where it is not an economically leading sector. In Italy, about 57% of the area is allocated for agriculture and forestry, and according to the National Development Plan of this country, about 92% of the area is classified as rural, more than 2/3 consisting of so-called "urbanized rural areas", characterized by a high density of population and relevant (specific) importance of agriculture. In these regions, agriculture plays a significant role, which is not only recognizable in the production of material goods, and a particular contribution is further made by the basic territorial characteristics with high tourist value. According to Van Sandt et al. (2018), agritourism is an innovation for consumers that producers are exploring as a method of diversifying and increasing farm income. Moreover, Van Sandt et al. (2018) conducted an analysis based on the examples in the USA and stated that the most significant impact on the success of agritourism is: travel

infrastructure, region and rurality, local economy characteristics, and proximity to outdoor attractions. As the authors themselves point out, they have explored best practices that other regions may follow.

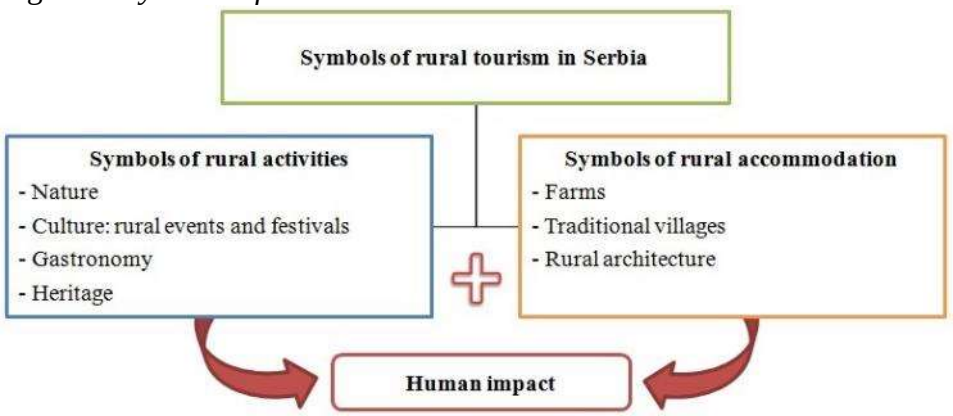
Rural tourism is an instrument of rural development, and it represents tourism in rural regions with all the activities carried out in the area (Živković, 2013). It is also defined as tourism that offers the visitor a rural environment, enabling him to experience a combination of nature, culture, and people (Official Gazette of the Republic of Serbia, 2011, p. 3).

According to the Tourism Development Strategy of the Republic of Serbia for the period 2016-2025 (Government of the Republic of Serbia, 2016) rural tourism is a tourist product of particular importance for tourism development. The importance of rural tourism for the Republic of Serbia is also reflected in the strategy mentioned above, which includes vocational training and acquisition of skills related to the development of rural tourism, as priority activities and programs envisaged for financing and supported by the European Union. Rural tourism can be combined with other tourism products: cultural tourism, recreational tourism, sports tourism, adventure tourism, children's and family tourism, and similar. Rural tourism targets the urban population, although clients may also be local. Sznajder & Przezbórska (2004) point out that the agritourism product provides visitors with a personalized contact, a sense of physical experience and the environment in the countryside, allowing them to participate in the activities, traditions, and lifestyles of people in these areas. Rural tourism can, according to a study by Broccardo et al. (2017), where the Piedmont region was analyzed, increase the well-being of both the rural family, by contributing to the employment of family members and future generations, and non-families, by attracting youth in rural communities. From an environmental point of view, the offer of ecotourism activities strengthens the preservation of the rural landscape and can sensitize customers to conserve nature.

The synergy of agriculture and tourism ensures the socio-economic development of rural areas, and it is a platform for economic diversification in rural communities, which is why strengthening rural development policy has become one of the European Union's top priorities (Muhi, 2013). On the other hand, despite the consensus that proper positioning of tourism can be successfully used as a powerful tool for the economic development of communities in rural areas and for improving their well-being (Walker, 2017, p. 27), the fact is that a positive contribution, based on the tourism

development in many developing countries, and especially at the local level, is still not sufficiently accepted (Luvanga & Shitundu, 2003; Mbaiwa, 2005; Anderson, 2013). In Serbia, the existence of natural and anthropogenic resources alone is not a sufficient condition for tourism competitiveness. Tourism, as a culture of living, belongs to a social upgrade, which people turn to only if they are existentially safe and satisfied. This fact is the root of the underdevelopment of tourism in Serbia (Torlak, 2015). Due to the geographical position of Serbia, natural beauties, areas suitable for numerous forms of recreation, as well as rich cultural heritage and folklore, there are favorable conditions for the development of rural tourism. They make a comparative advantage, but what makes essential competitiveness in the tourism market is the ability to use resources in the long term in an efficient way in the function of tourism, that is, end consumers on the one side and residents on the other. Certain symbols are often used to create a mental image and association with a destination (Master plan for sustainable development of rural tourism in Serbia, 2011). Their purpose is to enhance and illustrate tourist destinations, where the very essence would be more tangible. Symbols in rural tourism constitute a combination of countryside activities and rural accommodation. One example of rural symbols is shown in Figure 1.

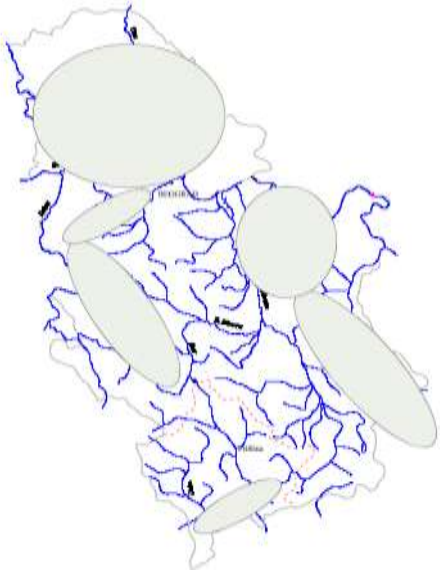
Figure 1: *Symbols of rural tourism in Serbia*



Source: *Master plan for sustainable development of rural tourism in Serbia (2011, p. 84), UN Joint programme 'Sustainable tourism for rural development', Belgrade, https://futurehospitalityleaders.files.wordpress.com/2012/11/master-plan-odrzivog-razvoja-ruralnog-turizma-u-srbiji.pdf, (20 February 2020).*

Map 1 shows the gray-shaded areas that are representing regions where rural tourism development activities are being implemented in Serbia.

Map 1: *Areas with rural tourism development activities in Serbia*



Source: *Cvijanović, D., Vuković, P., Kljajić, N. (2011). Stanje i perspektive razvoja ruralnog turizma u Republici Srbiji. Međunarodni naučni skup Mediteranski dani Trebinje (VI), Turizam i ruralni razvoj - savremene tendencije, problemi i mogućnosti razvoja, Trebinje, 11-21.*

Choosing the right strategies, as well as positioning instruments, the right position on the tourist map of the region can be taken, while contributing to the revitalization and development of rural areas, increasing agricultural producers' profits and protecting the environment. One way to accomplish this is through clustering.

A general approach to cluster connecting and tourism clusters

Porter (2000, 2003) found that clusters considerably influence the level of employment, wages, and innovation in a region, which strengthened the theoretical basis for the notion of regional development through the clustering. Clusters are a basic factor for understanding the phenomenon of geographical concentration of economic and innovative activities (Andersson et al., 2004). Depending on the purpose and the specific context, there are many various definitions of clusters. Authors define cluster identity as a mutual understanding of the basic industrial,

technological, social, and institutional characteristics of the cluster (Staber & Sautter, 2011, p. 1350).

According to Rantanen & Granberg (2008, p. 12), examples of organizational innovation may include network organizations, regional clusters, and different types of partnerships. Often, partnerships arise from social innovation. Due to limited resources, small and medium enterprises, through inclusion in networks and clusters, can significantly expand innovation opportunities (Tinsley & Linch, 2001; Fuglsang & Eide, 2013). Besides innovation, sometimes information sharing or knowledge transfer is a priority benefit of clustering. On the other hand, the clustering advantage is the availability of information. For example, businesses through the Scottish Food & Drink cluster have been able to: have access to key information, have a new retail listing in the United Kingdom available, strengthen their workforce abilities and create new products (Cluster Development Strategy, 2008, p. 94).

Clusters also affect competition in three ways (Iordache et al., 2010):
a) increasing the productivity of the company in a particular area;
b) implementing the direction and pace of innovation, which will increase future productivity;
c) stimulating new jobs that will develop and strengthen that cluster.

Clusters can be initiators of agricultural development (Bell & Giuliani, 2007; Džanković-Jerebičanin, 2014; Kilelu et al., 2017; Paraušić & Domazet, 2018). Both in literature and practice, the motivation for clustering by tourism clusters is most often found in marketing activities (Vukotić & Vojnović, 2016). One of the reasons for clustering in tourism is to build the competitiveness of a tourist destination through clusters (Đurašević, 2009). According to Malakauskaite & Navickas (2010), tourism companies from clusters have better access to complementary services. Cluster members can also collaborate with governments and academic institutions, which often support stimulating the growth of the tourism sector. Stating the shortcomings of the Vologda Tourism Cluster in Russia, Alexandrova & Vladimirov (2016) underline the importance of the existence of unity at the federal and local levels as a factor of development. Năstase & Vasile (2019) analyze that the term cluster in Romania, considered in the perspective of economic growth, is moderately known and that its impact on economic development is rather vague. According to the same authors, in regards to the management of the tourist

destination, clustering is preparing for long-term development support for tourism, integrated into the European development strategy.

Clustering is, as Morić (2013) points out, a relatively new phenomenon, and when it comes to rural tourism and clusters, there is a gap in the existing literature in transition countries. Based on a comparative study conducted by Petrović et al. (2015, p.12), rural tourism development strategies have been defined in the countries of the European Union. Based on the established strategies, quality control and categorization are carried out, which are in charge of specialized agencies. According to the same authors, the development of rural tourism in Serbia, on the other hand, is accompanied by numerous difficulties, restrictions, and problems, and therefore it lacks proper networking and educational programs.Because there are excellent preconditions for the development of rural tourism in Serbia, it is necessary to intensify the education of the population to engage in this activity. Engagement of the community would also improve the possibility of knowledge transfer.

Clustering is one way this can be accomplished. According to Mirčetić et al. (2019), there is no single model that can be applied; however, policymakers need to develop a new model based on the situational and environmental characteristics and determine specific tourist cluster model they should choose and adjust in order to be the most suitable for the desired tourist destination. Not only tourism clusters but also agricultural clusters are of great importance for achieving better performance and progress in the field of rural tourism development.

Agricultural clusters and agritourism clusters

It can be rightly argued that there is relatively little research conducted relating to the agricultural and food sectors, although Ping & Koziol (2011) state that the agricultural cluster represents a trend of modern agricultural development. These authors elaborate that agricultural clusters are of great importance for promoting the growth of the regional economy, strengthening the competition, improving the specialization of agricultural production, and increasing incomes of agricultural laborers. In transition countries, clustering in agriculture also develops with some delay compared to developed countries.

The results of the analysis of agricultural clusters in China in the study by Kiminami & Kiminami (2009) indicate that clusters achieve certain

positive results in the development of the agricultural sector and rural areas. For this situation, the authors emphasize agricultural industrialization policies, which are mostly coincident with the industrial cluster policies in the country or approaching them. Paraušić et al. (2007) point out that in Serbia, the formation of agriclusters is based on the aspiration for better positioning in the market, not on the country's assistance. The regional layout of the agriclusters formed until now in Serbia is shown in Map 2 and symbol color explanation is given is Legend 1.

Map 2: *Locations of agriclusters in Serbia*

Source: *Authors*

Legend 1: *Symbol colors of Map 2 explanation*

Symbol color	Administrative district	No. of clusters	Symbol color	Administrative district	No. of clusters
	North Bačka	2		North Banat	1
	West Bačka	5		Central Banat	2
	South Bačka	7		South Banat	1
	Belgrade	9		Braničevo	1
	Šumadija	6		Nišava	3
	Pirot	1		Jablanica	1
	Zlatibor	2			

Table 1 shows the establishment of agriclusters in Serbia.

Table 1: *Agriclusters in Serbia*

No	Agricluster name	Headquarters	Since
1.	Vegetable growers cluster Banatski Brestovac	Pančevo	2002
2.	Association for family households Fokus	Zrenjanin	2004
3.	Cluster Šumadijski cvet	Kragujevac	2006
4.	Association for fruit growers Fruitland	Subotica	2006
5.	Development Center Rakovica agricluster	Belgrade	2007
6.	Cluster Somborski salaši	Sombor	2008
7.	Cluster for ornamental plants producers	Belgrade	2008
8.	Agro start up cluster	Niš	2008
9.	Beef meat producers and exporters Baby beef	Belgrade	2009
10.	Cluster for stockbreeders Uvačka reka mleka	Nova Varoš	2009
11.	Agricluster Obrenovac	Belgrade	2009
12.	Cluster association Agroindustrija	Subotica	2010
13.	Cluster of winemakers Alma Mons	Sre. Karlovci	2010
14.	Center for Organic Production	Selenča, Bač	2010
15.	Association of food manufacturers Polux	Kikinda	2010
16.	Association Cluster of vegetables sector	Sombor	2010
17.	Cluster for mushrooms Fungiklaster Šumadije	Aranđelovac	2010
18.	Cluster for cheeses Jug	Niš	2011
19.	Cluster for fruit growers Rača	Rača	2011
20.	Cluster for grain producers Rača	Rača	2011
21.	Cluster of flowers Obrenovac	Belgrade	2011
22.	Association Agrocluster	Belgrade	2011
23.	Agricultural cluster Prigrevica	Apatin	2011
24.	Cluster of flowers Pirotska ciklama	Pirot	2011
25.	Pešter agricluster	Sjenica	2012
26.	Regional fruit cluster of South Serbia	Leskovac	2012
27.	Agricluster Homolje	Žagubica	2012
28.	Association cluster for fruits Obrenovac	Belgrade	2012
29.	Association cluster for vegetables Obrenovac	Belgrade	2012
30.	Association Klaster mleko	Sombor	2012
31.	Cluster fruškogorska jabuka	Novi Sad	2012
32.	Agricultural cluster Agro-jug	Niš	2012
33.	Cluster Cvetna Šumadija	Rača	2012
34.	Cluster Plodovi Kolubare	Belgrade	2012
35.	Cluster for florists Rača	Rača	2012
36.	Business Association Klaster Panonska rakija	Zrenjanin	2013
37.	Business Association Klaster Bač agrar	Bač	2013
38.	Vojvodina organic cluster	Novi Sad	2014
39.	Cluster for beekeepers Panonska pčela	Novi Sad	2014
40.	Agricluster Sombor	Sombor	2015
41.	Agricluster of Serbia	Novi Sad	2017

Source: *Authors*

Gajić et al. (2018) point out that a small number of authors pointed to discrepancies that exist in the level and quality of service provided in rural parts of Serbia. According to their analysis, this has negative implications for the development of rural tourism in Serbia. Based on the intensification of research related to rural tourism, it is possible to develop long-term plans to eliminate regional disparities in rural clusters in Serbia.

The goal of establishing an agriclusters in Serbia can be understood and somewhat generalized through the vision of one of the agriclusters, Agro Cluster of Eastern Serbia: "to establish the preconditions for improving and innovating current agricultural technology, food processing, logistics, agritourism, and building new business capabilities for cluster members." Furthermore, the vision of Agro Cluster of Eastern Serbia is to establish its own local and regional markets and to expand them into the European and world markets of agricultural products, quality foods, and rural tourism.
Small and medium enterprises in Eastern Serbia have many challenges - lower credit availability, outdated technology and skills, poor infrastructure, absence of information, lack of knowledge on how to find new markets, how to improve their products, how to increase their production, how to improve their offer and need for other information regarding performance improvement.

Agro Cluster of Eastern Serbia represents the most favorable form of integration and inclusion for poorly developed local agricultural holdings, cooperatives, micro, small and medium-sized enterprises, entrepreneurial shops and business associations in Eastern Serbia working in the field of agriculture, purchase, storage, processing, distribution, and export of agricultural products, as well as ethno-tourism and eco-tourism, in the national, European and world competitive markets (ACES, 2018).

The vision and the goals of the agricluster mentioned earlier help to conclude that the development of tourism and mainly rural tourism is well represented, which was ultimately sought the establishment of this cluster.

From the inextricable link between agriculture and tourism when it comes to rural tourism, it arises that the best model would, when it comes to clustering, be the creation of agritourism clusters. It could be said that they represent a symbiosis of the operational linking of tourism and other entities to strengthen rural tourism.

Of the countries in the Balkan region, Slovenia is one of the examples of good practice, which has established the following conditions for the establishment of agriclusters:

- Mapping - identification of the spatial concentration of a recognized tourism resource compared to neighboring regions, countries or other resources;
- Discovering and analyzing links between participants in agro, tourism and rural destination policies;
- Identification of potential cluster members.

Clusters enable the initiation of the education process at all levels and in many ways: designing different pilot projects, where the education of cluster members is formed towards the direction of cooperation and joint appearance, as the first and most important task. Digitalization and innovation of techniques, technologies and globalization calls for a renewed focus on what constitutes genuine leadership (Mirčetić, 2018, p. 394), and it is affecting clusters as well. Leadership is observed as a very complex resource (Cvijanović et al., 2018) and effective leadership is one of the preconditions to effective organizations, and therefore clusters seek effective leaders.

Furthermore, it is necessary to develop cluster programs that would cover all stages. Some of the mentioned stages include analysis of tourism and agro potentials, infrastructures, detection of centripetal forces of destinations, and then all potentials that would constitute a tourism product: agriculture, old crafts, natural features, economic potentials, and other services that necessarily accompany the development of a tourism product: accommodation, restaurants, entertainment, and attractions (Agroplanet, 2018).

An example of an agricluster in Serbia is the European Cluster Alpe Adria Pannonia, founded on September 27, 2014, in Novi Sad. The cluster brings together organizations, institutions, and associations dealing with activities in various fields of economy and agriculture, especially agro-eco-tourism. The forming of this cluster joined numerous chambers of commerce from Serbia, Croatia, Hungary, Slovenia, and Bosnia and Herzegovina, many tourism organizations, and scientific institutions of the faculties, institutes, and bureaus, local self-governments, non-governmental organizations, unions, cooperatives, clusters, enterprises, and agricultural holdings (Poljosfera, 2014).

Conclusion

Contemporary business conditions have contributed to numerous changes in the tourism industry. The tourism market simultaneously represents a highly dynamic and open system. Everything impossible for individual market participants (high quality of products and processes, cost rationalization, higher offer, aggressive and effective marketing, brand recognition), due to lack of financial strength, capacities, personnel, or time can be achieved by clustering.

On the other hand, with the resulting changes, the demand for alternative forms of tourism is increasing, of which tourism in rural areas is becoming more important. Demand for this form of tourism is on the rise as tourists are increasingly interested in interacting with nature, getting to know new landscapes, people, other cultures, and customs. Therefore, rural tourism is a vital segment of all the guidelines, directions, and development strategies.

There are some inconsistencies, paradoxes, and obstacles to the development of agriculture in Serbia. All agricultural stakeholders have a chance to depreciate or completely overcome the problems mentioned earlier by using the examples of good practice or joining agriclusters. However, forming tourism clusters would also make rural areas interesting for tourism.

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VINEYARD COTTAGE, A NEW MARKET PRODUCT ON THE FARM

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Abstract

Vineyard cottages, have up to now presented an unexploited tourist capital. In this paper, which is composed of a theoretical and an empirical research part, we have focused on a tourist vineyard cottage as a new market product in the countryside. In the theoretical part, we used Slovene and foreign literature to describe different topics, as follows: Tourist vineyard cottage as a new market product in the countryside, Tourist potential of the vineyard cottages in the countryside, and Economy of vineyard cottage development. Based on the theoretical treatment of five research questions, we prepared a survey and used systematic acquisition and collection to process the obtained information. To obtain information on the needs and wishes of guests and increase market demand, we used a survey, which was processed by a qualitative method. For study of the economics of the project of introducing a vineyard cottage into own production, we used the method of economic analysis.

Key Words: *vineyard cottage, tourism, tourist offer, tourist product, business plan, competition, economy*
JEL classification: *O18*

Introduction

The cultural diversity and variety of the vineyard world in a small area represents tourism in vineyard cottages as a product of additional profit on a farm. The unique characteristic of the Dolenjska, Bela Krajina and Posavje regions is the vineyard landscape, planted with vineyard cottages and wine chambers, which represent a key opportunity for development of

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tourism. Vineyard cottages represent the guarantee of sustainable development and a number of tourism types. They contribute to the better development of urban areas, coherent regional development, preservation of cultural heritage, designing other tourism products and creating healthy competition. Vineyard cottages focus on raising the level of stationary tourism in Slovenia.

This research observes and analyses a vineyard cottage in the process of developing a new market product on a farm; it focuses on the history of such activity, the tourist offer and demand, defining the vineyard cottage as a tourist product, and marketing communication. The analysis of offer in the area of vineyard cottages in the market was conducted and the questionnaire analysis introduced the extent of demand for such a type of tourism, as well as the number of people who are undertaking this activity or plan on developing it.

Purpose and goal of research

The aim of this article is to demonstrate the key issues owners of vineyard cottages are dealing with when marketing them as a farm product and, in connection to that, to develop good suggestions for their improvement. The objective of this article is to locate further possibilities for improving tourism of vineyard cottages, to assess how the vineyard cottage is positioned as a tourist product in the offer market and at the same time meets planned goals.

Description of research question

The Strategy of Vineyard Cottage Tourism Development (2007), drafted by the Ministry of Economy, offers an insight into the idea of vineyard cottage tourism. It determines that vineyard cottage tourism can be understood as temporary accommodation with rich wine and cultural heritage. We cannot claim that Slovenia has used up all its tourist potential, despite being recognised as a country with a well-developed tourism economy. We have a number of natural and cultural goods, still unexploited. The vineyard cottages have up to now been marked as unexploited tourist capital and, pursuant to the 2007–2011 Development of Slovenian Tourism Strategy (*Strategijo razvoja slovenskega turizma*), the vineyard cottages were considered for rental purposes, but could be offered to tourists as a tourist product. Vineyard cottage tourism leads to the wholesome advertising of cultural and natural heritage as well as

gastronomy, hiking and wellness tourism (Občina Mirna Peč, 2009, pp. 9–11). In the framework of tourist offers, vineyard cottages can become an important tourist product via advertising. To satisfy even the most demanding guest, we must create an offer of tourist needs and wishes by thorough research. Vineyard cottages offer everything that tourists need, but the offer of vineyard cottages can only be upgraded by using suitable advertising instruments (Veljković et al., 2007, p. 44). "The vineyard cottages tourism is a voyage and temporary accommodation in the Slovenian space, where the winemaking and wine culture have a rich and diverse heritage, with the objective of enjoying the special features of the environment; and it is that experience that guarantees staying in vineyard cottages" (Veljković et al., 2007, p. 7).

The cultural diversity and variety of the vineyard world in a small area offers tourism in vineyard cottages as a product. The key opportunity for the development of tourism in the Bela Krajina, Posavje and Dolenjska regions is the fact that this vineyard landscape is dotted with vineyard cottages and wine chambers. Focusing on raising quality stationary tourism, the vineyard cottages create healthy competition (accommodations, motels, hotels, etc.) (Občina Mirna Peč, 2009, p. 9).

Many owners of smaller winemaking surfaces and vineyard cottages, which are older, end up selling them due to maintenance costs, and they become permanent residences of new owners. The owners should be given a greater alternative to rent out their property for tourist activity or its original activity. The vineyard cottages could establish the boosting of tourism and balance among economic usefulness, additional tourist offers in the countryside and the preservation of vineyard cottages as regional heritage (Občina Mirna Peč, 2009, p. 9).

Mănilă (2012, pp. 54–60) states that wine tourism is a form of vineyard cottage tourism, including the characteristics of oenology, applying to wine glasses, wine and tastings as well as activities arising from tourism. The successful wine tourism implementation requires tourist infrastructure (accommodation, restaurant, availability) and the special activities of this type of tourism to satisfy the needs of tourists interested in this activity. Wine tourism must include the wine-related activities besides the tourism perspectives. For this reason, this form of tourism is usually implemented in vineyards to connect the tourists with winemaking and wine selling. Wine tourism grows and the offer changes, encouraging the creation of new types of this kind of tourism (Koščak, 2016, pp. 185–193).

The beginnings of populations in the vineyard areas in Slovenia, have been recorded since the 13th century, though we can only really discuss the first larger wine hill population from the beginning of the 16th century, when farmers, in order to survive and avoid the high fees of forced labour, settled in the wine chambers. The only option for easier survival was found in settling in the wine chambers. They were one-room buildings with stone foundations and trampled clay on the floors. Built mostly from wood logs and roofed with hay as typical roofing at the time, they were originally used for storing tools and during harvest they were quite useful; and later they served as residences (Kuljaj, 2003, p. 53).

Wooden chambers were replaced by vineyard cottages in 1825, which were wine chambers built with brick. The original purpose of a vineyard cottage still arises from winemaking, and it was used for housing. The upper floor was used for the preservation of winemaking equipment and tools. The vineyard cottages also housed cellars where farmers stored wine, potatoes and other food (Veljković et al., 2007, str. 12). Kuljaj (2003, p. 96–97) states that the urban vineyard cottages were typical for the 19th century, mostly in the areas of Trška Gora pri Novem Mestu. These vineyard cottages housed cellars constructed from two parts; one part was used for storing tools, and the other for temporary stays or as a social area to meet during holidays and harvests.

During WWII, the vineyard cottages served as safehouses for residents with destroyed and burned down homes. The period after WWII was very important for the development of winemaking in the Dolenjska region. The vineyards became free to use after legislation was altered, and it was then that the vineyard cottages became permanent residences. The Strategy of Vineyard Cottage Tourism Development (2007), drafted by the Ministry of Economy, revealed that the invention of the automotive industry and improvement of old roads, as well as building new ones, influenced greatly by the accelerated construction of holiday homes. There are different reasons for the construction of a vineyard cottage (Veljković et al., 2007, p. 13):

- **Psychological** – inclusion in the prestige and modern trends.
- **Social** – desire for recreation in people encourages lifestyles in urban settlements.
- **Cultural** – raising general cultural conscience and education.
- **Economic** – such investments enable people to step up their standard of life.

Vineyard cottages today, compared with the past, represent some sort of status symbol. They are mostly spaces for relaxing, socialising, learning about the drinking culture and cuisine. People constructed the vineyard cottages for different purposes. In 2003 the Tourist Association of Slovenia classified the vineyard cottages in three types (Veljković et al., 2007, p. 14):

- Older, smaller objects, constructed by combining wood and stone; intended mostly for outbuilding function, without quality residential areas.
- Modern, large vineyard cottages, directed into professional winemaking of quality and premium wines, with bottling plants, tasting rooms and quality residential areas.
- Vineyard cottages as smaller or larger holiday homes of amateur winemakers with comfortable residential areas, easily accessible and with parking space.

Smaller settlements came to life with new populations coming in and the infrastructure of the region improved, as well as greater accessibility and the more lifestyle changes (Zupanič in Kuljaj, 2003). The fact remains that the vineyard cottages remained a potential due to them not being defined in the legislation, still considered as unexploited. The owners and also the entire population will yield financial benefits if we include them in tourism offers, yet this requires suitable organisation and changes to the legislation (Act Amending the Hospitality Industry Act – *Zakon o spremembah Zakona o gostinstvu* (ZGos-C) (2007) (Veljković et al., 2007, pp. 16–17).

Zupanič (in Kuljaj, 2003, p. 188) discussed the fact that, by changing the vineyard cottages in residential space, the owners created a situation, enabling them to offer them for tourist purposes:

- accommodation offer in vineyard cottages with food and beverage,
- offer of renting the vineyard cottages as rooms is a starting point for various hikes, trips, cycling trips and other activities,
- welcoming and catering excursion groups, organisation of various events,
- seasonal wine shop (*osmica)* or winery,
- selling bottled wine by the tourist wine road.

To conduct business and registration of the vineyard cottages as tourism objects, you must consider certain conditions (Veljković et al., 2007, p. 28):

- document of lease or ownership,

- operating licence for the object,
- vineyard cottage is located by one of the wine roads,
- safety at work,
- guaranteeing safety of food, and health and safety at work,
- positive opinions by experts on installed equipment and communal equipment.

To include vineyard cottages in tourism offers, one must acquire an operating licence. Vineyard cottages are classified as outbuildings (simple objects), and the owners of a vineyard cottage must attach the operative licence to the project of executed work (PID), geodetic screening and statement of reliability. Many vineyard cottages are half-legal, representing quite an issue (they have the construction licence, yet they are not built pursuant to it). One of the issues are the projecting roofs set up by the owners in front of the entrances. Administration units demand removing these roofs and the costs of acquiring the PID are high (even up to €5,000) (Pavlin, 2012 in Štefanič, 2012, p. 11).

The Hospitality Industry Act (Official Gazette of The Republic of Slovenia 4/2006 – UPB1) defined the person renting out a room as a "natural person, who offers their guests accommodation with breakfast or without, in their own or rental apartment or holiday home". The implementation itself can be acquired solely by attaching the operating licence in pursuant to legislation, and most lack this document. Certain developed winemaking regions are considering similar forms of development and follow their directions. There are several websites available for potential visitors to view the offer of vineyard cottage tourism, while agencies aim to design a unified website with the complete vineyard cottages tourism offer (Štefanič, 2012, p. 11).

Vineyard cottage tourism is a new product in the field of tourism and the objective is to develop a fresh identity and become a recognisable segment within tourism offers. The objective is to design a more developed, attractive and recognisable tourist offer and infuse this with the diversity of tourism offers. Vineyard cottage tourism as a product represents the option of the sustainable development of various forms of tourism, the development of the countryside, the preservation of cultural heritage, coherent regional development, the creation of healthy competition, and a focus on increasing the numbers of stationary tourism (Občina Mirna Peč, 2009, p. 11).

Vineyard cottage tourism was initially developed mostly in the direction of eliminating any legal issues, and the owners of the vineyard cottages who wish to join the tourist offer acquire the licence. The next step was directed to improving the offer by supplementing it with additional content (saunas, jacuzzi, painting workshops, apitherapy, etc.) For the complete development of the tourist product of vineyard cottage tourism, it was necessary to design a unified website featuring the complete offer of tourist vineyard cottages (Veljković et al., 2007, pp. 42–43).

Our attitude towards heritage is nowadays still limited by stereotypes, which is a product of not recognising the complete issue. Heritage is not merely an object or a way of life preserved in certain areas of past periods. It must be understood as present, which is lived and enriched with past. In the present, heritage is adapted to our desires and needs in a different way, including our own conviction and we also select it in a particular way. The book *Hundred Encounters with Heritage* (*Sto srečanj z dediščino*) from Bogataj (1992) defines the four attitudes toward heritage in modern times – and they are intertwined. The four attitudes towards heritage are:

- **Nostalgic and romantic** attitude. It was as far back as the Age of Enlightenment that the interests of folklore surfaced, where the inclination was not to accept and preserve the heritage in its basic form, but to adapt it to their interests.
- **Economic or marketing** attitude. The only and basic motif of this attitude is making money with heritage, despite being closely connected to the nostalgic and romantic attitude. From a historical perspective, the heritage market has a really abundant history. The legislation of preserving the cultural heritage anticipates evidence from those traders who trade in heritage. Traders must keep records of sales and procurement and other business arising from heritage. The intention of this drive is to guarantee the traceability of selling heritage.
- **Negative** attitude. This mostly envelops the destruction and rejection of heritage (e.g. history of wars and raids; in the former Yugoslavia they destroyed the urban heritage after 1945).
- **Professional** attitude. We handle heritage in a professional manner, while discovering it and exploring it, protecting and documenting it and, finally, presenting it in a professional manner as well as including it in everyday life. It includes the attitudes of museum and memorial professions and other professions such as archaeology, the history of art, ethnology, history and other fields.

One of the main reasons is the heritage, which pushes us to travel and has a lot more in common with tourism than it seems. To understand heritage better, as well as appreciating and include it in tourism, we must first know and recognise it. This is how we will find the balance between its protection and openness for tourism, to generally satisfy all of us (Bogataj, 1992, p. 12).

Recreation does not include amateur or professional sports. Recreation is an important factor of health prevention, it acts anti-stress and increases immunity. The modern world holds many life challenges, affecting people's physical and psychological abilities, but recreation renews and strengthens our capabilities (Strojin, 1999). Any leisure activity that is free of charge can be defined as recreation. In order to rest and expand your cultural horizons, entertain and improve your knowledge, develop your personality and increase social meaning, we need to completely focus on recreation (Planina & Mihalič, 2002, p. 53). In short, we need entertainment and rest for easy refreshment, both physically and psychologically (sports, entertainment, culture).

We classify recreation as (Strojin, 1999; Planina & Mihalič, 2002, p. 53):
- dynamic; taking place outside of a permanent residence (tourism),
- passive; relaxing physically and not psychologically (concert, museum, cinema, etc.),
- active; physically active, relaxing psychologically and renewing physically (walking, swimming, running, dancing, etc.),
- static; taking place in a permanent residence.

Voyaging or staying in a different place and changing the environment can, on its own, include various recreational elements. Tourism is included among the most important elements and means of recreation. When taking part in recreation in the countryside, it is recommended to consider the following (Strojin, 1999; Planina & Mihalič, 2002, p. 53):
- principles of naturalness,
- principles of sustainability,
- establishing the balance between environmental protection and economic development and social progress (we cannot inherit nature from our ancestors, yet we can steal it from our grandchildren),
- activities should be friendlier to nature and natural laws should be respected, i.e. nature should be copied.

Once it is decided which types of recreation we will offer our guests, we must first check the legal conditions and demands. And we must not forget to present the options of recreation from local providers in the information folder (Strojin, 1999; Planina & Mihalič, 2002, p. 53).

Vineyard cottage tourism represents three different options (Občina Mirna Peč, 2009, p. 15):

- **Old wine chambers and vineyard cottages** (intended for visiting, cultural heritage). Tourism in Vineyard Cottages (*Turizem v zidanicah*) is the main initiator of preserving cultural heritage. There are less and less old vineyard cottages in the wine-growing regions of Dolenjska and Bela Krajina left to represent the abundance of the winemaking heritage. Vineyard cottages with years of tradition and representation of life from other periods are very rare; some are renewed with respect of the original architecture and are open to visits.
- **Wineries** (restaurant/bar offer). They are very desired and necessary for regeneration of the winemaking surroundings.
- **Renting out rooms** is a unique service of the vineyard cottage tourism and yields the highest added value to an unexploited capital. This is mostly renting out one part of a vineyard cottage as an apartment. The Tourism in Vineyard Cottages is a Slovenian speciality of such offer (see Schedule B).

Numerous forms of tourism are defined by sustainable development as well as development of the countryside as coherent regional development and preserving cultural heritage in vineyard cottages. Vineyard cottages have a basis for designing different tourist products and creating healthy competition, focused on raising the quality of stationary tourism. They are a part of Slovenia becoming recognisable and an important tourist destination (Občina Mirna Peč, 2009, p. 9). One can notice the increasing demand for contemporary tourist trends via offers founded on authenticity and connection with self-image. The vineyard cottages are a subject of interest for tourists, mostly for their architecture or outer appearance and activity location. The diversity of the tourist offer will enrich the vineyard cottage tourism and, thus, make Slovenia an even more developed, attractive and recognisable tourist destination. The trend of locating special experiences and returning to nature contributes to the development of the brand that is vineyard cottage tourism, mostly due to the lifestyle (Veljković et al., 2007, p. 31).

Business economics analyses of a vineyard cottage

The data analysis from the following essay discussing the drafting of a business plan for a company: "Business plan of additional and supplement activity of the Zgonc Tourist Vineyard Cottage activity" (Zgonc, 2018). The following elements of a business plan were discussed from the abovementioned business plan:

- sales plan according to assortments for the period of 2020–2029,
- sales price,
- general costs,
- depreciation,
- calculations per unit of product and production year,
- profit for the period of 2020–2024,
- balance sheet for the period of 2020–2024,
- profit and loss account for the period of 2020–2024,
- success indicators for the period of 2020–2024,
- project profitability, as a summary of the whole project,
- internal rate of profitability.

Table 1: *Project profitability 2020–2024*

	2020	**2021**	**2022**	**2023**	**2024**
Net profit on sales	111,150	115,057	119,101	123,288	127,621
Sales on local market	111,150	115,057	119,101	123,288	127,621
Gross revenue from business	111,150	115,057	119,101	123,288	127,621
Material and goods costs	48,769	50,232	51,739	53,292	54,890
Work expenses	50,000	51,500	53,045	54,636	56,275
Salaries	50,000	51,500	53,045	54,636	56,275
Other work expenses (transportation, nutrition and other)					
Depreciation	343	678	1,012	1,351	1,688
Other business costs (interests)	1,112	1,151	1,191	1,233	1,276
Annuity	4,023	4,144	4,268	4,396	3,552
Costs total	104,248	107,705	111,256	114,909	117,682
Profit	6,902	7,352	7,845	8,379	9,939
Income tax (25%)	1,726	1,838	1,961	2,095	2,485
Net profit	5,177	5,514	5,884	6,284	7,455

Source: *Adapted from Zgonc, N. (2018). Poslovni načrt. Dodatne in dopolnilne dejavnosti. Turistična zidanica Zgonc [turistični proizvod v okviru projekta: Odprta akademija za inovativni turizem]. Novo mesto: Nataša Zgonc. (p. 23).*

Table 1 is as a summary of the Zgonc Tourist Vineyard Cottage activity. The analysed elements of the business plan of Zgonc Tourist Vineyard Cottage activity reveal the project profitability. During the period of 2020 to 2024, vineyard cottage tourism will create €30,314 of profit, the annuities will return €20,383, the deprecation will need €5,072 and for salaries we will create €265,456. We can guarantee employment for 2 to 3 persons for the period of 5 years.

Method

This research comprises theoretical and empirical research and focuses on the tourist vineyard cottage as a new tourist product in the countryside. The theoretical part describes the different sections based on Slovenian and foreign literature: tourist vineyard cottages as a new market product in the countryside, and the tourist potential of vineyard cottages in the countryside and the economics of vineyard cottage development. Based on the theoretical treatment of five research questions, we prepared a survey and used systematic acquisition and collection to process the obtained information. To obtain information on the needs and wishes of guests and increase market demand, we used a survey, which was processed by a qualitative method. For study of the economics of the project of introducing a vineyard cottage into own production, we used the method of economic analysis ("Business plan of additional and supplement activity of the Zgonc Tourist Vineyard Cottage activity" (Zgonc, 2018).

According to the theoretical starting points, we designed the following research questions:
RQ1: Are citizens and visitors to the area not familiar with the vineyard cottage tourist offer?
RQ2: Is the number of tourists in an area with vineyard cottage tourism increeasing?
RQ3: Can we supplement and improve the tourist offer of a municipality and redirect it to green tourism, originality and various experiences, with the offer of the vineyard cottage?
RQ4: Does the offer of vineyard cottage increase the promotion of the area and its offer?
RQ5: Does the vineyard cottage tourism creates an opportunity to increase profit?

The survey included 76 respondents. The data collection took place from 28 October 2019 to 4 November 2019. The survey was forwarded via the survey website https://www.1ka.si/admin/survey.

Results

Qualitative analysis of survey questionnaire on the meaning of vineyard cottage tourism for the area

Q1: Are you familiar with the offer of vineyard cottage tourism in your surroundings? Respondents answered: 45% (34 respondents) are familiar with the offer of vineyard cottage tourism in their surroundings; 49% (37 respondents) believe they are not; and 7% (5 respondents) do not know.
Q2: Do you think the promotion of vineyard cottage tourism is sufficient? Respondents answered: 78% (59 respondents) are not adequately familiar with the promotion of vineyard cottage tourism; 9% (7 respondents) are; and 13% (10 respondents) do not know if the promotion of vineyard cottage tourism is sufficient.
Q3: Are you familiar with any vineyard cottages in your surroundings that offer a special experience? Respondents answered: 43% (33 respondents) are familiar with a vineyard cottage in their surroundings that offer a special experience. 33% (18 respondents) replied that there is no such vineyard cottage in their surroundings; 24% (18 respondents) do not know if there are any such vineyard cottages in their surroundings.
Q4: Do you think the vineyard cottage tourism is important for the development of your area? Respondents answered: 75% (57 respondents) believe the vineyard cottage tourism is important for the development of their area; for 16% (12 respondents) it is not important; 9% (7 respondents) do not know if vineyard cottage tourism is important for the development of their area.
Q5: Do you expect good promotion of the area because of the vineyard cottage tourism? Respondents answered: 71% (54 respondents) expect good promotion of the area because of the vineyard cottage tourism; 9% (7 respondents) do not; 20% (15 respondents) do not know if they expect a good promotion of the area.
Q6: Do you believe vineyard cottage tourism is a good market gap, yet unexploited? Respondents answered: for 92% (70 respondents) believe vineyard cottage tourism is a good market gap, yet unexploited. 3% (2 respondents) do not agree with that; and 5% (4 respondents) do not know if vineyard cottage tourism is a good market gap, yet unexploited.

Q7: Do you feel like there are not enough tourists in your area? Respondents answered: 58% (44 respondents) feel like there are not enough tourists in their area; 32% (24 respondents) do not feel that way; 11% (8 respondents) do not know if there are not enough tourists in their area.
Q8: Would the promotion of tourism in vineyard cottages increase the number of tourists? Respondents answered: 79% (60 respondents) the promotion of tourism in vineyard cottages would increase the number of tourists, 4% (3 respondents) do not think this way; and 17% (13 respondents) do not know if the promotion of tourism in vineyard cottages would increase the number of tourists.
Q9: Do you believe the increase of tourist numbers would increase interest in the vineyard cottage tourism? Respondents answered: 83% (63 respondents) believe the increase of tourist numbers would increase interest in the vineyard cottage tourism, 1% (1 respondent) did not think this way; and 16% (12 respondents) do not know if the increase of tourist numbers would increase interest in vineyard cottage tourism.
Q10: Would an increased number of tourist events in the surroundings have a positive influence on the community? Respondents answered: 74% (57 respondents) believe the increased number of tourist events in the surroundings have a positive influence on the community; 4% (3 respondents) do not share that opinion; and 22% (16 respondents) do not know how it would influence the community.
Q11: Should the offer of vineyard cottages be expanded? Respondents answered: 59% (46 respondents) believe the offer of vineyard cottages should be expanded; 23% (17 respondents) do not; 18% (13 respondents) do not know if the offer in vineyard cottages should be expanded.
Q12: Do you think you can provide a good vineyard cottage offer in your area? Respondents answered: 53% (42 respondents) believe they can provide a good vineyard cottage offer in their area; 27% (20 respondents) do not; 19% (14 respondents) do not know what can they offer in their area.
Q13: In your area, do you have people who would be willing and capable to improve the tourist offer? Respondents answered: 66% (50 respondents) believe their area has people who would be willing and capable to improve the tourist offer; 5% (4 respondents) believe there is no such people in their area; and 28% (21 respondents) do not know if they have anyone capable in their area.
Q14: In your opinion, could you offer an excellent and special experience to the visitors in your area? Respondents answered: 82% (63 respondents) believe they could offer an excellent and special experience to the visitors in their area; 8% (6 respondents) do not share that opinion; and 9% (7 respondents) do not know what kind of experience their area could offer.

Q15: How do you evaluate the tourist offer in your area? Please use the school grading system from 1 to 5, where 1 means insufficient and 5 excellent; you can also opt for 96, which stands for nothing of the given. The respondents graded the tourist offer in their area in the following ratio: 12% (9 respondents) graded the offer with 1 (insufficient), grade 2 was provided by 24% (18 respondents), and 36% (28 respondents) opted for grade 3, while 26% (19 respondents) gave the offer grade 4, and the grade 5 (excellent) was given by only one respondent (1%); only one respondent (1%) decided for grade 96 – none of the above.
Q16: Do you believe tourist vineyard cottages in your area represent a good potential for the development of tourism?Respondents answered: 68% (52 respondents) believe tourist vineyard cottages in their area represent a good potential for the development of tourism; 9% (7 respondents) do not share this opinion; 23% (17 respondents) do not know.
Q17: In your opinion, does your area have enough tourism offers for the different tastes of tourists and different pockets?Respondents answered: 33% (25 respondents) believe their area has enough tourism offers for different tastes of tourists and different pockets; 51% (39 respondents) do not share this opinion and 16% (12 respondents) do not know if their area has enough of a tourism offer.
Q18: Have you noticed in media, brochures, catalogues, websites or anywhere else in public areas any type of promotion regarding vineyard cottage tourism? Respondents answered: 57% (44 respondents) did notice in media, brochures, catalogues, websites or anywhere else in public areas any type of promotion regarding vineyard cottage tourism; 34% (25 respondents) did not notice any promotion, and 9% (7 respondents) do not know if they noticed any promotion regarding vineyard cottage tourism.
Q19: Do you believe your area would get more recognition with more promotion of vineyard cottage tourism? Respondents answered: 77% (59 respondents) believe the promotion of the vineyard cottage tourism would get more recognition for their area, 13% (10 respondents) do not think this way; and 9% (7 respondents) do not know if the promotion of tourism in vineyard cottages would increase recognition of their area.
Q20: Would you be interested in renting out your vineyard cottage for tourism purposes? Respondents answered: 43% (33 respondents) are interested in renting out their vineyard cottage for tourism purposes; 32% (24 respondents) would not and 25% (19 respondents) are not sure about renting out their vineyard cottage for tourism purposes.
Q21: Would you be prepared to furnish your property for the purpose of vineyard cottage tourism (apartment, winery, rooms, closed events, etc.), if you were offered assistance, e.g. co-financing the renovation, construction

legalisation, consultation etc.? Respondents answered: 58% (45 respondents) are prepared to furnish their property for the purpose of vineyard cottage tourism if offered assistance; 20% (15 respondents) would not be prepared to do that, and 22% (16 respondents) do not know if they would be prepared to furnish their object if offered assistance.

Q22: Do you think the owners of vineyard cottages would be prepared to provide the possibility of offering a meeting place for smaller group of people, approx. 10–15 persons (e.g. business meetings, team-building programs)? Respondents answered: 67% (51 respondents) believe the owners of vineyard cottages would be prepared to offer the possibility of a meeting place for smallers group of people; 3% (2 respondents) do not agree and 31% (23 respondents) do not know if owners would be prepared to offer that option.

Q23: Would a unique experience in the countryside meet the expectations of new-age guests? Respondents answered: 72% (55 respondents) believe a unique experience in the countryside would meet the expectations of new-age guests; 7% (5 respondents) do not; 21% (16 respondents) do not know if a unique experience in the countryside would meet the expectations of new-age guests.

Q24: Do you feel there are enough pastime offers for tourists in the surroundings? Respondents answered: 55% (43 respondents) feel there are enough pastime offers for tourists in the surroundings; 34% (25 respondents) feels the offer is insufficient; and 11% (8 respondents) do not know how vast the offer in the surroundings is.

Q25: Would the increase of tourist offers in your area contribute to better financial status of the locals? Respondents answered: 70% (54 respondents) think the increase of tourist offers in their area would contribute to a better financial status of the locals; 14% (10 respondents) do not share that opinion and 16% (12 respondents) do not know if the increase of tourist offers in their area would contribute to a better financial status of the locals.

Q26: Have you every stayed in the vineyard cottage? 22% (16 respondents) have stayed in a vineyard cottage, 75% (58 respondents) have never and 3% (2 respondents) are not interested in such accommodation.

Q27: Do you think the vineyard cottage offer of an additional or supplemental activity on a farm could mean a good business opportunity for the countryside? Respondents answered: 92% (70 respondents) believe the vineyard cottage offer of an additional or supplemental activity on a farm could mean a good business opportunity for the countryside; 1% or one respondent does not think this is a good business opportunity, 7% (5 respondents) opted for not knowing.

Q28: Do you think the vineyard cottage tourism has a good future in the Dolenjska region? Respondents answered: 68% (52 respondents) believes the vineyard cottage tourism has a good future in the Dolenjska region, 5% (4 respondents) do not think this way; and 27% (20 respondents) do not know.
Q29: In your opinion, are there many more improvements necessary in the field of culture and tourism in the Dolenjska region? Respondents answered: 84% (64 respondents) believe there many more improvements necessary in the field of culture and tourism in the Dolenjska region; 5% (4 respondents) do not share this opinion and 11% (8 respondents) do not know.
Q30: The vineyard cottage tourism is unique; do you think an owner of a vineyard cottage could make a decent income with a good offer and regular occupancy? Respondents answered: 81% (62 respondents) think vineyard cottage tourism is well on its way to making good income with good offers and regular occupancy; 9% (9 respondents) do not share this opinion 9% (9 respondents) do not know if an owner of a vineyard cottage could make decent income with good offers and regular occupancy.

Conclusion

Based on the level of development of Slovene tourism and the existing development potential, tourism may become one of the leading markets in the following years. Many natural and cultural goods are still unexploited. Vineyard cottages, for example, have up to now presented an unexploited tourist capital. The strategy to develop Slovene tourism has led to the idea of renting vineyard cottages to tourists in a form of a tourist product.

The purpose of this paper is empirical, with the attained information intended for the development of vineyard cottage tourist offers in Dolenjska and its surroundings. By analysing the survey, we have determined the number of people familiar with vineyard cottage tourism and the number of those who have already used such services. We were interested in the quantity of people that are already working in this branch and will continue to do so in the future. The main aim of this paper is to study the potential of vineyard cottage tourism and the possibility for a greater recognisability of this branch. The next aim is to analyse the needs and wishes of potential guests that would be willing to take such offers. Based on this, we have tried to determine the possibility of increased market demand and the possibilities of an increased income.

In this paper, which is composed of a theoretical and an empirical research part, we have focused on a tourist vineyard cottage as a new market product in the countryside. In the theoretical part, we used Slovene and foreign literature to describe different topics, as follows: Tourist vineyard cottage as a new market product in the countryside, Tourist potential of the vineyard cottages in the countryside, and Economy of vineyard cottage development. Based on the theoretical treatment of the five research questions, we prepared a survey and used systematic acquisition and collection to process the obtained information.

To gain information on the needs and wishes of guests and increases to market demand and profit, we used a survey that we processed using the qualitative method and the method of economic analysis. The 2007–2011 Development of Slovenian Strategy incited thinking about renting the vineyard cottages as a tourist product to entice tourists.

The research revealed the following: the residents and the visitors to the area are not well acquainted with such tourist offers; the number of tourists is increasing; the tourist offer of the municipality is supplemented and improved, as well as redirected to green tourism, originality and various experiences; the promotion and the offers of the area are incredibly important; offer better options for additional income. This research is founded upon the originality of offering the vineyard cottage tourism. The survey revealed the directions that could be taken in the development of vineyard cottage tourism, as well as how to emphasise stories, tradition and uniqueness.

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POSSIBILITY OF APPLICATION OF CLASSICAL BALANCE SHEET MODELS FOR PREDICTING SOLVENCY - THE CASE OF SMEs IN RURAL AREAS OF THE REPUBLIC OF SERBIA

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Abstract

Prediction of company solvency is a current topic in theory and practice. The main focus is on Altman's Z-score model, which provides an acceptable and simple analysis of the overall company profile, while the possibility of applying other balance sheet models has been neglected. In modern conditions, the precautionary principle dictates, that in the bankruptcy prediction, the outcomes of several different balance sheet models should be always taken into account. Therefore, the paper focuses on the analysis of the corporate solvency using the most basic Altman Z-score, as well as on understanding the applicability of Zmijewski and Chesser balance sheet models. The aim of the paper is to integrate, in an efficient and relevant manner, the limited propositionalability of the Altman's Z-score with an integrated solvency analysis for a more reliable prediction of the solvency of small and medium-sized companies (hereinafter: SMEs) in rural areas of Serbia. The research findings affirm the feasibility of the application of balance sheet prediction models for signalling insolvency in our business practice, through implementation of the integrated methodology of classic balance sheet models, thus creating a more reliable and objective support for the prognosis of survival by means of the growth and development of SMEs in the rural areas.

Key Words: solvency, balance sheet models, SMEs, rural areas
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Introduction

The research problematics of maintaining solvency of the company shows that the total number of bankruptcies in the EU companies, between 2010 and 2013, has increased by 28.9%. In Western Europe, the total number of bankruptcies has been increased by 10.2% and in Central and Eastern Europe by 89.3% (Đukić, 2015). Out of the 28 EU countries, six countries have witnessed a decreased number of companies' bankruptcy, while in 22 countries this number increased significantly. In the observed period, the number of companies in bankruptcyin the Republic of Serbia decreased, but the level of creditors' settlement is low, thus indicating high risks of illiquidity and insolvency of our economy. In times when the economic sector is not capable of 'keeping' transaction money in circulation, its great portion is flowing out through allocation and payments to other sectors and spending (Tešić et al., 2012). The trend of a continuous increase in the bankruptcy risk, or the threat for the stakeholders, represents also a significant danger to the development of our economy, our rural areas. The share of agriculture in the GDP of rural areas amounts to 29.81%, which is significantly higher than in other transitional countries, since Serbia has significant resources for the agricultural production (Čavlin & Đorđević, 2014). For all these reasons, it is important to use the potentials and tools of the environment analysis, which is an important factor of business success, with the purpose to timely identify and anticipate such potential future situations in the environment (Ignjatijević et al., 2018). Therefore, the paper contributes to the affirmation of classical balance sheet model models, as a necessary systematic analytical apparatus for a reliable diagnosis and treatment of SMEs business distress (internal and external). In order to achieve the objective of the paper, along with the literature analysis and descriptive approach, in the literature review the selected balance models of bankruptcy prediction have been investigated, the adequacy of their application in real situations has been tested, wherein for the calculations of the indicators the data from the official financial statements of selected SMEs from rural areas in the Republic of Serbia, for the period from 2013 to 2017, has been employed.

Literature review

The history of development of models for predicting bankruptcy has begun with the univariate model which has been conceptualized by Beaver (1966) on the basis of 30 ratios of 79 failed companies in 38 different industries. Beaver (1966) had found that net income/total liabilities had a higher

prognostic ability (92% forecast accuracy one year before failure). The initial multivariate model for predicting bankruptcy was developed by Altman (1968), who provided a key contribution to the development of this model. Altman (1968) conducted the survey on a sample of 66 companies with two groups: 33 companies that went bankrupt and 33 companies that did not go bankrupt by means of multiple discriminant analysis, i.e. financial and economic ratios based on accounting data. In the subsequent research, Altman (1993, 2000) has significantly modified and developed a multi-discriminatory model called the Z-Score for for Private Firms (Z') and Non-Manufacturers and Emerging Markets (Z'). In the following decades, subsequent research on insolvency and bankruptcy prediction models was conducted while the authors Wu et al. (2010) point out the following work as the most significant: Altman (1968), Zmijevski (1984), Hillegeist, Keating and Cram (2004). The development of prediction models has influenced the expansion of the framework and techniques of their construction, most often by application of multivariate discriminant analysis, logit analysis, probit analysis and neural network (Bellovari et al., 2007). Significant progress in the development of prediction models occurred in the 1990s with the development of more sophisticated techniques for analyzing larger databases, while in recent years the so-called 'soft' computer techniques have been developed. In contrast to traditional methods, these methods better cope with imprecisely defined problems, incomplete information, inaccuracies and uncertainties. In addition to the prediction models, modern prediction models based on incorporating the influence of macroeconomic, business and corporate factors are developed on the basis of increasingly advanced computer techniques (Dyrberg, 2004). The study is primarily based on the analysis of certain prediction models, which were developed by multivariate discriminant analysis, without neglecting the importance of other models. Balance sheet prediction models developed by Altman (1968), Chesser (1974) and Zmijevski (1984) are based on accounting parameters, while the model Hillegeist et al. (2004) are based on market parameters. According to Agarval and Taffler (2006), there is little difference in the predictive accuracy of balance sheet and market based models. The main difference is that balance sheet based models are more adapted to credit risk prediction. The focus of the research is on the classic balance sheet models that measure liquidity, leverage and profitability. The essence of the analytical approach is determined by the knowledge that low liquidity and profitability implies a high degree of leverage, which directly increases the likelihood of bankruptcy. The differences between the balance sheet prediction models are reflected in the selection of variables and statistical

techniques that are used to forecast bankruptcy. The reliability of the model is not determined by the number of variables incorporated, because certain 2-variable models have the same prediction accuracy capacity as the 21-variable models. In the case of a limited number of variables, the propositional power of the model may be incomplete or its representativeness may be inadequate. Multicollinearity may occur in case of too many variables in the model. Recent scientific studies from our country analyze the predictors of bankruptcy, primarily the classical balance sheet models, among which the Altman Z-score has captured the greatest attention. This model was explored by Muminović et al. (2011), Đuričin et al. (2018), Rajin et al. (2016), Stanišić et al. (2013), and the Zmijewski model was investigated by Pavlović et al. (2011), until the Chesser model has been taken into theoretical consideration. The abovementioned authors, from our country, highly emphasize that for the sake of validation of the reliability of prediction bankruptcy models, a substantial number of companies, markets, economic activities and periods should be included in the analysis.

Overview of selected balance sheet-based models of solvency prediction

Numerous balance sheet models, based on the initial Altman model, have been developed, in both the literature and the business practice, and adapted to the specific markets, areas and economic activities. The research emphasizes the advantages of balance sheet based models in comparison with the classical prediction models and especially with the market models. The following risks were identified (Agarvala & Tafflera, 2006): balance sheet is of historical nature, the principle of conservatism in accounting increases the risk of deviation from the carrying amount of assets, accounting data is subject to the risk of management manipulation, financial statements in the context of 'going-concern' concepts are not appropriate for prediction of bankruptcy.

Altman Z-score model is the most significant balance sheet prediction model that was developed by Edward I. Altman, who published his first research in 1968 that was based on the relationship of ratios and bankruptcy probabilities, created a multivariate prediction model called the Z-score (Altman, 1968). The author developed a model based on data analysis for 66 US manufacturing companies from 1946 to 1965, by analysing two equal groups of companies: 33 enterprises that went bankrupt and 33 'healthy' companies. The study has primarily identified 22 indicators,

which were selected and reduced to five ratios by the criterion of the highest discriminatory power, by means of the multivariate discriminant analysis. The discriminatory function of the original model is:

$Z = 1{,}2X_1$ (Working Capital/Total assets) + $1{,}4X_2$ (Retained earnings/Total assets) + $3{,}3X_3$ (Earnings Before Interest and Tax/Total Assets) + $0{,}6X_4$ (Market value of equity/Total liabilities) + $1{,}0X_5$ (Total Sales/Total assets)

The criteria for model evaluation are:

- a Z-score of a company lower than 1.81 indicates a risk of financial distress, i.e. high possibility of initiating bankruptcy proceedings 'distress zone'; a Z-score above 2.99 indicates a financially stable company and represents a 'safe zone'; a Z-score within the interval of 1.81 to 2.99 represents the so-called 'gray zone'.

The research also tested the accuracy of the discriminatory function on the sample of companies and found that the accuracy significantly decreased as the coverage of predictions extended (Altman, 1968). In a series of subsequent studies, which included three periods during the next three decades (until 1999), the model was found to be approximately 80%–90% accurate in predicting bankruptcy one year before the event, and of approximately 15%–20% classifying the firm as bankrupt when it does not go bankrupt (Altman, 2000). Altman (1993) performed two revisions to improve the model. The first revision focused on the adaptation of the prediction model of financial distress to those companies whose shares are not quoted on the stock exchange, i.e. private companies. Pursuant to the premises of the modified model, in the racio indicator (X4) the market value of the equity was replaced by the book value, and the relative importance or the parameters' ratio weights was corrected and therefore the new revised function of the Altman Z-Score for a private company is as follows:

$Z' = 0{,}717X_1 + 0{,}847X_2 + 3{,}107X_3 + 0{,}42X_4 + 0{,}998X_5$

In the revised model interpretation, new extreme critical values were defined:

- private companies whose value of the Altman's indicator is $Z' \leq 1.23$, i.e. below these values are in the bankruptcy zone and unable to take a bank loan, and

- private companies whose value of the Altman's indicator is Z`≥ 2.90 i.e. above these values are in the safety zone and their business is sustainable.

The second revision of the model is the result of efforts to adapt the model to the prediction of financial distress of non-manufacturing companies with the aim of eliminating the distortion of the results of the basic model. Altman modified the model by excluding the racio indicator (X5) from the calculation process because it may differ substantially in various sectors. In constructing the indicator (X4), it uses the carrying amount of equity. Altman's Z-Score for non-manufacturing companies or the so-called '4-variable Z-Score' model is as follows:

$Z'' = 6{,}56X_1 + 3{,}26X_2 + 6{,}72X_3 + 1{,}05X_4$

The second modification of the model led to the change of the critical values of Altman's Z-Score, which are now defined in the range of values from 2.60 to 1.10, as follows:

Z"≥ 2,6 'Safe Zone'; Z"≤ 2,6 - Z " ≥ 1,1 'Gray Zone'; Z"≤ 1.1 'Distress Zone'.

The Emerging Market Score Model (EM Z-Score Model) was adapted to the original Altman Z-Score model which was developed for closed corporations and non-manufacturing companies (Altman, 1993). The original Altman Z-Score implied that companies issue equity which is publicly traded, which made it unsuitable for emerging markets that do not have such a viable market conjuncture or even the capital structure of companies. Based on the conducted research, 'Z-EM Score Model' function was created and modified as follows:

$Z\text{ - EM Score} = 3{,}25 + 6{,}56X_1 + 3{,}26X_2 + 6{,}72X_3 + 1{,}05X_4$

"Z - EM Score" model encompasses private companies in emerging markets, and the critical values of the indicators are defined in the range of 2.60 to 1.10, as follows:

Z EMS ≥ 2,6 "Safe Zone"- the risk of bankruptcy and financial distress is very low; Z EMS ≤ 2,39 ≤ 2,59 "Gray Zone" - a zone of concern, but bankruptcy and extremely unfavorable financial position are unlikely to occur in the next two years; Z EMS ≤ 1,11 ≤ 2,38 "Gray Zone"- a zone of

high risk of bankruptcy and extremely unfavorable financial position; Z EMS ≤ 1,10 "Distress Zone"- the risk of bankruptcy and extremely poor financial position is expected to be 70% within two years or 95% within one year.

Based on the "Z - EM Score" parameter, an equivalent credit rating is also determined. Critics of the Altman models point out that they were not created as a result of theoretical research but as a result of practical research on the market, especially in the US, which in some situations may limit the prognostic power of the model (Altman, 2000).

Zmijewski model was formulated to include the indicators that measure the profitability, indebtedness and liquidity of the company. Zmijewski model was developed by the analysis of 800 non-bankrupt companies and 40 companies that have gone bankrupt (Zmijewski, 1984). A 99% probability of predicting bankruptcy accuracy was determined (1984) on a sample of bankrupt companies, from the New York Stock Exchange in the period 1972-1978, from all industries except finance, insurance and real estate. In his research, Zmijevski (1984) has taken up a sample of companies that are bankrupt and the companies in which the bankruptcy was initiated, or the petition for bankruptcy was filed. Based on the conducted research and multivariate probit analysis, he created a function as follows:

$Y = -4{,}3 - 4{,}5X_1 + 5{,}7X_2 + 0{,}004X_3$

The identified racio indicators in the model are as follows:

X_1 = Net Income/Total Assets; X_2 = TotalLiabilities/Total Assets; X_3 = Current Assets/Current Liabilities;

After calculating the value (Y), the probability of bankruptcy is calculated as follows:

Bankruptcy Probability Indicator = $P = 1/(1 + e^{-y})$

The model interpretation is as follows: if the probability obtained is greater than 0.5, then the company is considered to have a high chance of bankruptcy, i.e. insolvency.

Further research outlines some limitations of this model that are due to the classification of a sample that does not differentiate between bankrupt and non-bankrupt companies. Zmijevski (1984) investigated 13 models of prediction of the bankruptcy in the literature and highlighted the problem of reliability regarding the selected sample and prediction. Therefore, it can be summarised that for the sake of reliability the researchers should base their models on a sample that is large enough to be representative and use appropriate statistical techniques of probability estimation to test the reality of the bankruptcy prediction of a company.

The Chesser model was essentially developed as a credit assessment tool, to detect non-compliance with the terms of the basic loan agreement or its monitoring (Chesser, 1974). According to the research, the probability of the prognostic power of the Chesser model is around 75%, and it is most often used in forecasting the collection of receivables of manufacturing companies and customer loans. The model as a final outcome indicates the likelihood of whether the company will enter into the problem of inability to service the loan and settlement of credit obligations. Bearing in mind the importance of the liquidity analysis, as the primary factor of mutual trust between the business partners, the Chesser model stands out as an indispensable tool in analysing and predicting the risk of companies'sustainable cash flow. The identified racio indicators in the model are as follows:

X_1= Cash and cash equivalents/Total assets; X_2= Net sales/Cash and cash equivalents; X_3= Profit before tax / total assets;

X_4=Total debt/Total assets; X_5= Long term assets/Net asset value; X_6= (Current assets - Current liabilities)/Net sales;

Based on the conducted research, the following function has been created: $Y=-2.043 + 5.24X_1 + 0.0053X_2 – 6.6507X_3 + 4.409X_4 – 0.0791X_5 – 0.1020X_6$

Indicatorof the probability of default: $P = 1/(1 + e^{-y})$

The interpretation of the results indicates that if the derived probability is greater than 0.5, the company will have a problem in servicing its credit obligations, and if the derived probability is less than or equal to 0.5, the company will have no problem in timely settlement of credit obligations. We highlight the relevant research by Lithuanian authors Kanapickien and

Marcinkevicius (2014) that point out that when the outcomes of the Chesser model cannot be expressed, the reliability of the model is significantly reduced, but when the outcomes are equated to zero, the case study in the Lithuanian shows the construction sector companies that the corrected Chesser model becomes the most accurate bankruptcy prediction model. An integrated conceptual analysis is necessary for the relevant evaluation of the financial performance, as it represents the foundation and key segment for identifying a company's strategy. In this way, the company shall be enabled to capitalize the forces that can increase its competitiveness and reduce weaknesses that can adversely affect the company's business.

Results - an example of SMEs from rural Serbia

An analysis of insolvency prediction models was conductedin the period from 2013-2017 in four companies. SMEs from the trade sector, or more specifically from the wholesale trade services of beverages, were selected for the analysis and its indicators were taken from the publicly available information or the official financial statements, which were submitted by the selected companies to the Business Registers Agency of the Republic of Serbia and from direct insight into company financial reports.

Table 1: *Companies according to the criteria of insolvency in the 2018*

Insolvency status of the company	**Wholesale trade services of beverages**	**All economic activities**
Account blockage	14.80%	4.10%
Bankruptcy	1.22%	0.18%
Liquidation	4.79%	1.04%
Temporary suspension	0.61%	3.21%
Tax debtor	0.09%	0.01%
Active	33.16%	46.65%
Deleted	45.33%	44.81%

From Table 1 it can be seen that in the group of companies for wholesale trade services of beverages, 14.80% of the companies have the account blockage and this percent is significantly higher in comparison with the account blockages of the companies from all economic activities (4.10%); the percentage of companies in bankruptcy in the group of companies for wholesale trade services of beverages is 1.22% in comparison with the companies from all economic activities (0.18%) and the percentage of companies in liquidation in the group of companies for wholesale trade

services of beveragesis 4.79% in comparison with the companies from all economic activities (1.04%), which indicates a high level of solvency risk in the group of wholesale trade activity in relation to the total economy, i.e. economic activities.

Table 2: *An overview of companies according to legal form in the 2018*

Legal form of company	**Wholesale trade services of beverages**	**All economic activities**
A limited liability company	73.17%	18.00%
Entrepreneur	23.94%	75.30%
Partnership Company	1.94%	0.42%
Joint Stock Company	0.09%	0.25 %
Other	-	-

From Table 2 it can be seen that in the group of wholesale trade services of beverages, the legal form of companies is dominated by "Limited Liability Companies" (73.17%) which significantly differs from the legal forms in all economic activities as the "Limited Liability Companies" is represented with 18% in all economic activities while the prevalent legal form is "Entrepreneur" with 75.30%. This predominant legal form of compaies in the group of wholesale trade services of beverages can be interpreted as appropriate for the conduct of a specific trade services activity.

Table 3: *An overview of companies according to size in the year 2018*

Company size	**Wholesale trade services of beverages**	**All economic activities**
Micro	82.55%	90.07%
Small	14.09%	8.42%
Medium	3.36%	1.11%
Large	-	0.40 %

From Table 3 it can be seen that in the group of wholesale trade services of beverages, according to the size, the micro companies represent 82.55% of all companies, which is slightly lower than in all other economic activities, where micro-enterprises represent 90.07% of all companies. Therefore, it is indicative that in the observed economic activity, obviously due to its specificity, there are no conditions for the development of large enterprises, opposed to the conjuncture of the overall economy in which large enterprises are represented by 0.40%. The analyzed companies in the group of wholesale trade services of beverages, that have a favorable financial position, as shown in Table 4, have the following characteristics: Limited

Liability Companies, of medium size, over twenty years of business operations, "1B" did not have an account blockage in the last three years, and "1A" had three partial account blockages.

Table 4: *Information on selected companies with favorable financial position*

Criteria	Company: 1A	Company: 1B
Legal form	DOO	DOO
Company size	Medium	Medium
Year of establishment	1999	1993
Number of account blockage	3	-

Table 5: *Information on selected companies with unfavorable financial situation*

Criteria	Company: 1A	Company: 1B
Legal form	DOO	DOO
Company size	Mikro	Mikro
Year of establishment	2014	2006
Number of account blockage	4	4
Bankruptcy year	2018	2018

The analyzed companies in the group of wholesale trade services of beverages, that have an unfavorable financial position, as shown in Table 5 have the following characteristics: Limited Liability Companies (DOO), of micro size, over three years and more than 13 years of business operations, both companies have had four account blockages. Out of a total of 1149 companies in the group of wholesale trade services of beverages, in the last year bankruptcy proceedings were initiated in 14 companies. The companies in which the bankruptcy proceedings were initiated in 2018 were selected as a representative example. Adapted and revised Altman Z-score and Altman Z-EMS indicators, as well as Chesser and the Zmijewski models, were used in the analysis. The selected companies with a favorable financial position that have been analyzed according to the revised Altman Z-score and Altman Z-EMS model have been in the "safe zone" in almost every year, except for the company "1A" indicators which in the last two years, according to Altman Z-EMS, were slightly below the recommended highest value. The selected models of indicators confirm the validity of the prediction, because the companies during the analysed period have "safely" and solidly "swum" and maintain stable in the financial flows. At the same time, in addition to the evaluation of the financial position as per the results of the Altman models, we can point out that as per the results of the Chesser

model the companies are able to pay loans, and as per the results of the Zmijewski model they are not in the bankruptcy zone, which confirms the previously determined favorable financial position of the selected companies.

Table 6: *An overview of selected unique weighted indicators with favorable financial position*

DESCRIPTION	2013	2014	2015	2016	2017
1.Altman z score					
Company "1A"	4.20	4.21	4.77	3.99	4.70
Company "1B"	6.81	6.33	8.56	8.16	8.88
2.Altman Z-EMS					
Company "1A"	3.76	2.92	3.36	2.48	2.52
Company "1B"	6.81	6.33	8.56	8.16	8.88
3. Cheser model					
Company "1A"	2.14	-0.26	-0.85	-0.98	-1.61
Company "1B"	0.86	-1.54	-2.48	-1.72	-2.36
4. Zmijevski model					
Company "1A"	-0.02	-3.13	-3.59	-3.42	-4.02
Company "1B"	-1.27	-4.39	-5.04	-4.16	-4.89

Table 7: *An overview of selected unique weighted indicators with unfavorable financial position*

DESCRIPTION	2014	2015	2016	2017
1.Altman z score				
Company "2A"	1.02	0.47	1.67	0.34
Company "2B"	-	3.28	0.74	0.43
2.Altman Z-EMS				
Company "2A"	2.25	-4.08	-11.73	-68.82
Company "2B"	-	3.53	0.87	-0.20
2. Zmijevski model				
Company "2A"	-4.38	4.30	4.30	4.30
Company "2B"	-	0.3	-3.31	-3.17

According to Altman's indicators the selected companies with unfavorable financial position are, in the observed period, in the 'Distress Zone' with high bankruptcy risk. In the year 2015, the company value of Altman's Z-EMS indicator is in the safe zone, but in the next year its value decreased and the company entered the zone with high bankruptcy risk. In this company, the bankruptcy occurred within two years, which confirms the solid prognostic value of these indicators. In addition to assessing financial position, according to the Altman models, we can point out the similarity

of outcomes and reliability of the prediction according to the Zmijewski model, which confirms the appropriateness of application of these models.

After testing and analyzing the presented prediction models, we can conclude that there is no significant difference in the prediction reliability of the presented individual prediction balance sheet models. Taking into account all the results of the previous research, the current testing and analysis of prognostic models, it can be concluded that the selected balance sheet models can relatively accurately and timely predict the financial problems of the company, thus they are recommended as indispensable in a comprehensive analytical apparatus.

Discussion

The paper analyses the capacity of bankruptcy prediction models Altman (1968), Chesser (1974) and Zmijewski (1984) based on balance sheet data and indicators of profitability, leverage and liquidity. For almost decades, the application of these models has been a focus of the research practice in the developed European countries and the US, while lately the analysis of their applicability arouses interest and research in transitional European countries. This limitation of this study refers to the sample size and the timeframe, and also to the risk of subjectivity and its static character that stems from relying solely on the company accounting data. The selected companies are extracted from a relatively small sample size of our economy and the paper focus is on SMEs from the group of wholesale trade services of beverages in the Republic of Serbia. Analysing the balance sheet models for prediction, we can see that the following relationships are most commonly used to construct a synthetic indicator: working capital/assets, profits/assets, sales/assets and sales/cash. The essential focus of the balance sheet models is on assessing the effectiveness of assets employment and their contribution to sales and returns. All balance sheet models for bankruptcy prediction rely on similar techniques and financial ratios and vary according to different weights as signed to the significance in the changes of the companies' financial position determinants. The differences between these models, that appear primarily in the domain of statistical techniques and determining variables, as well as in the effects of their application in different conjunctions of transition and developed markets, emphasize the necessity of analysing the possibility of their application in the economy of the Republic of Serbia. Our research was based on the application of the Altman Z-score model, that is, classical balance sheet models (except the so-called Chesser model) and it was

predominantly focused on certain economic activities and groups of companies that encompassed a different sample size, companies and timeframe. Rajin et al. (2016) tested the Altman's Z-score and Kralicek's model on companies from the agricultural sector and their findings show that each of the tests gave them a variety of responses and conclusions regarding the business operations of the company. Therefore, the authors recommend that indicators of different tests should be always taken into account when analyzing bankruptcy prediction. Pavlović et al. (2012) performed a testing of the Zmijewski model on the example of companies listed on BELEX from different branches, although the selected sample did not adequately reflect the overall state of our economy. The research of Pavlović et al. (2011) has included 62 successful businesses and 32 non-performing businesses in the non-banking sector. The average accuracy for the total sample in the observed period 2006 to 2010 was 94.2%, which is slightly lower than the value of the original Zmijewski model whose probability of accuracy was 98%. The author's conclusion is that this model can be widely used in our country to identify companies that are facing financial difficulties, especially in the industrial sector. Đuričin et al. (2018) point out that the application of Altman's Z-score model for assessing the likelihood of bankruptcy can provide an opportunity for a simple analysis of the overall company profile that is based on five key indicators of business success. Their research has focused on companies from the real sector of economy in the year 2015. The authors have also pointed out that the results of the model application may be useful for policy makers of the Republic of Serbia, as well as for managers of medium-sized enterprises. Stanišić et al. (2013) investigated three models with standard and specific financial indicators to predict the opening the bankruptcy proceedings in the emerging markets with recessionary characteristics. They have tested several new models, logistic regression method, decision trees method and artificial neural networks method, on the initial sample of 130 companies. On the sample of 102 companies they have compared the prediction accuracy of new models with the prediction accuracy of Altman's Z-score models. Their findings show that of the 3 models mentioned above, in the independent samples test, when compared to the Altman Z-score models, only the neural network model shows better results. The authors conclude that the implementation of the Altman model is acceptable for bankruptcy prediction in the Republic of Serbia, but that it is necessary to develop and test the model on new samples, emerging markets and surrounding markets. The effects of applying the Chesser model in transition countries can be seen in the example of Lithuania, where Mackevičius and Silvanavičiūtė (2006), on the example of 433

companies in the construction sector, whose bankruptcy proceedings lasted from the year 2009 till 2013, tested the classic models for bankruptcy prediction including the Chesser model. Mackevičius and Silvanavičiūtė (2006) point out that the basic Chesser model is not very suitable to be applied to all companies, because its outcomes often differ from the Altman model and the real financial situation of the company, but it has a similar prediction rate (78% a year preceding bankruptcy) for the companies whose shares are not listed on the stock market and for service companies, just like Altman models. Even though the revised Chesser model cannot be applied to 1% of companies, if utilized and constructed in this way, the revised Chesser model can become one of the most reliable models for bankruptcy prediction of Lithuanian companies, and can be recommended as one of the indispensable models for bankruptcy prediction. After the conducted analysis and research we can conclude:

- that the bankruptcy analysis should always takes into account the outcomes of different models;
- that the Altman's Z-score model gives us a possibility to analyse, in an acceptable and rather simple way, the overall company profile based on five key indicators of business success;
- that in our country the Zmijewski model can be used to identify companies that are facing financial difficulties, especially in the industrial sector;
- the so-called revised Chesser model is one of the most reliable models of bankruptcy prediction and can be recommended as one of the indispensable tools of analysis;
- it is necessary to develop and test models on new samples, emerging markets and markets in our region;
- the application of only one model for bankruptcy prediction is not completely reliable, but it is deemed appropriate to use and combine multiple models, whose results and risks need to be continuously presented and compared in compliance with changes in the financial position of the company; and
- the research findings indicate that the combination of Altman, Zmijewski and Chesser models constitutes a relevant and reliable framework for timely and adequate diagnosis of the financial position of companies in our country.

To conclude, we can point out that it is not possible to create only one universal reliable model of corporate bankruptcy prediction. It would be appropriate to create specific bankruptcy prediction models and its

combinations for certain industries and markets. Our suggestion is to take the high risk of bankruptcy of each individual model as a warning signal and to once again carry out an external and internal analysis of the company's position, and in particular the analysis of the financial performance. On the basis of the bankruptcy prediction, investment and financial decisions are made, resources are assessed and employed and company's perspectives are evaluated. All this points to the need to develop the capacity of the company to collect and consolidate information about its business activities and to analyse them objectively and timely. The contribution of this research is reflected in the improvement of the sustainable financial management and the understanding of the reliability of balance sheet synthetic indicators, as a tool for proactive management. The research findings primarily point out that the Altman's Z-core model is suitable for a simple and rapid assessment of a company's financial position, but good analytical practice requires a relevant and reliable assessment and its implementation in a multi-model integrated analytical framework. All selected models justify that unfavorable financial position of our companies can be used as a predictor in order to predict the risks of survival, growth and development of the company. The research findings represent an input for further scientific research and they can be also used in business practice. Future research should be expanded to take into an analysis other statistical techniques and prognostic models. Further research that would include longer time periods, a large sample of companies, of all sizes and across all industries, would greatly contribute to theory and practice and would create the opportunity to create a modified model for bankruptcy prediction that is suitable for our market.

Conclusion

All companies have risks that they face on a daily basis of all kinds from the currency risk to risk of sale, acquisition, loss of assets, etc., which determine their business operations. Integrated management requires aligning these risks with the dimensions of business and strategic management. Insolvency risk is one of the most significant risks that a company can be face, as it can lead to its bankruptcy. The situation of illiquidity and insolvency of SMEs has direct negative consequences for the company, and indirect negative consequences for social actors, especially in rural areas. Creating an optimal, comprehensive concept for predicting bankruptcy on the basis of several models, has an aim to identify future events, in a quick, easy, relevant and timely manner, in order to maintain and improve the business flows of the companies in the rural

areas. Taking into account also the limitations, a relatively reliable and integrated implementation of the selected balance sheet models can be suggested for the proactive identification of the SMEs in solvency risks and sustainable development of the rural areas.

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